

# THE TIMES

Single-figure inflation, a 3.4m growth rate and £2,000m surplus predicted for next year

**Strong attack on Government policy by National Institute**

By David Blake  
Economist Correspondent

Although the Institute's forecast is one of its most optimistic for many years, with a rise in unemployment to 1.5 million from 1.4 million this year as the main black spot in 1978, its appraisal of Government policy is highly critical in almost every respect.

It accuses the Government of pursuing a restrictive course which has "depressed output, inhibited industrial investment and further increased unemployment."

The Review is particularly critical of the decision to let the pound float upwards, which it says will harm competitiveness of manufacturing industry, and increase imports for very little benefit in terms of lower inflation.

The forecast is based on the assumption that the pound appreciated from its current rate of 63.3 per cent, its level in 1971, to 68.1 per cent of next year.

1971 level by the end of next year.

This appreciation of the pound is of vital importance to some elements of the forecast, which is significantly different from the forecast published recently by the Treasury.

The Institute predicts a surplus on the current account of £2,083, which is £500m larger than the Treasury estimate, however, with an expected growth of 17 per cent. This figure is slightly higher than the 15 per cent figure which seems to be accepted in private by the Treasury as the most likely increase for the current pay round.

The published Treasury forecast assumes only a 10 per cent growth of earnings, however, which makes it impossible to compare with the forecast of the Institute or of most other forecasters on the majority of issues.

The Institute is very critical of the way in which pay policy is moving, with the lack of any central monitoring body to look at differentials coming in for special criticism.

A coherent policy for incomes is needed to make the expansionary course which the Institute argues is necessary. Much of the growth in output next year comes in the first six months, with a definite falling off thereafter.

The prescription of more stimulus, a more competitive exchange rate and a tighter incomes policy lies in with the Institute's views of the medium-term options facing the Government, which is criticised for failing to announce a coherent policy for relating its short-term actions to the prospects opened up by North Sea oil.

In a separate article, the Institute says that, unless exchange rate policy is managed to preserve the competitiveness of British industry, the balance of payments gain from North Sea oil will be used up with no permanent gain to the economy. Other Institute reports, page 22

## Firemen seek TUC help in bid to end pay curbs

The Fire Brigades Union decided last night to seek the help of the TUC in a concerted attempt to break the 10 per cent pay limit in the public sector. It is also to request money and "other forms of support" from the trade union movement. The move came after the union executive had been told by the Prime Minister that the 10 per cent pay offer made by local authorities would have to be accepted.

where the firemen's strike has prevented normal fire cover or statutory required inspection visits by firemen.

The main object, however, appears to be to pass to the whole trade union movement what has so far been the FBU's exclusive burden of defying the government guidelines.

Mr Callaghan apparently answered and surprised several members of the executive with the forcefulness with which he said there was no question of improving the local authorities' 10 per cent pay offer. He gave the union a stern warning that other unions would "build on" any breach in the pay guidelines.

Mr Callaghan said the Government wanted to see "a properly remunerated fire service" with no sense of grievance. But the only item that could possibly be construed as anything like a new move towards the FBU case was a hint that the Government would be prepared to make a forward commitment to implement any future pay formula agreed between the union and local authorities.

"No confrontation": "We are not in confrontation," the Prime Minister assured the Commons yesterday as he gave the briefest of reports on his meeting with the firemen (our Political Editor writes).

To some inquiry on opposition benches he insisted that the firemen did not think that there was confrontation; they understood the country's dilemma.

Mr Callaghan then managed to occupy all the political ground available by saying, in the agreeable fashion that his opponents find impossible to puncture, that the country has sympathy for the firemen yet understanding that pay rises given to one group go through the whole system.

"The present strike cannot succeed," it stated. The Government's desire was to build the long-term future.

Fire incidents and Downing Street statement, page 2  
Parliamentary report, page 12

## Vote for overtime ban costs Swan Hunter £52m order for ships

By Peter Hill  
Industrial Correspondent

Reassignment of Polish shipbuilders to the Tyneside shipyards of Swan Hunter is to begin immediately, British Shipbuilders is likely to announce today where some of the orders are to be reallocated.

The reassignment of the contractors to other yards in Britain came after yesterday's surprising rejection of a peace formula by 1,700 outfitting workers employed by the group. Their vote will lead to redundancy notices being served almost immediately to several hundred other workers employed by the state corporation on Tyneside.

The seven ships that were to have been built by Swan Hunter formed part of a £115m shipbuilding deal signed with Poland last week. The vessels, all bulk carriers, would have provided Swan Hunter with much needed work for its 10,000 workers over the next 12 months.

Because of the tight delivery schedules and the heavy penalty clauses involved British Shipbuilders sought written guarantees from workers at all yards in overtime in support of pay party with other trades. Yesterday they overwhelmingly rejected a recommendation from their shop stewards to lift the ban, provide the guarantees, and allow the claim to be settled through normal negotiating procedures.

The outfitting trades at Swan Hunter have for 13 weeks been operating an unofficial ban on overtime in support of pay party with other trades. Yesterday they overwhelmingly rejected a recommendation from their shop stewards to lift the ban, provide the guarantees, and allow the claim to be settled through normal negotiating procedures.

Mr David Hanson, chairman of the outfitting trades shop stewards' committee, said after the vote: "Our members appreciate the position but at the same time they have got a claim in for parity. I think only money is going to talk now. I am a little disappointed but I will carry out the wishes of the members."

British Shipbuilders had extended the original deadline for provision of the written guarantees to midnight last Friday, but executives have been busy during the past few days preparing for a reassignment of the orders.

Yesterday evening Mr John Chalmers, general secretary of the boilermakers society and a part-time member of the state corporation's board, travelled to London, with Mr John Steele, chief executive of Swan Hunter, to review the position with British Shipbuilders. In London a representative said that no further developments were expected and reaffirmed the corporation's intention to reallocate the orders.

That is a severe blow to shipbuilders, says the Tyneside, where the order book is worked out.

Mr John Parker, marketing director for British Shipbuilders, said last night: "This is a grave disappointment but the Corporation has no alternative except to reallocate immediately. This will now be carried out as quickly as possible and it is hoped that the first orders will be placed within 48 hours, subject to the necessary assurances being received from the yards concerned."

Smith's Dock, on the Tees, part of the Swan Hunter group before nationalization, with almost certainly obtain some work. Sunderland Shipbuilders, which has, on the Wear, the modern modern building facility in the world, is also expected to secure a proportion of the displaced orders from the Tyneside.

Austin & Pickersgill, also on the Wear, which has failed to secure a single new order this year, will certainly pick up at least one of the bulk carrier orders, while Gowan Shipbuilders, on the upper Clyde, which has contracts for 10 ships in the Polish deal, could easily accommodate two of the ships lost by Swan Hunter.

Redundancies loom, page 2  
Leading article, page 17  
Expensive loss, page 23

## Mr Dayan reprimands Germans

By Patricia Clough  
Bonn, Nov 29

West German leaders have been taken aback by sharp public criticism from Mr Dayan, the Israeli Foreign Minister, of recent antisemitic incidents and Bonn's "absurd position" on Middle East questions.

Mr Dayan, here on a three-day official visit, told his hosts at an after-dinner speech last night that with their political and economic weight they should give "bold leadership" to other European countries. They should not let themselves be examples in erroneous policies for the sake of European solidarity.

"I am not simply here on a courtesy visit," he said bluntly.

He further emphasised the importance he clearly attaches to Bonn as a counter-weight in Europe to pro-Arab France by unexpectedly paying a hospital visit to Herr Hans-Dietrich Genscher, the aging West German Foreign Minister, and discussing the issues with him for half an hour.

Mr Dayan spoke of the "concern of the Israeli people at recent antisemitic events among young people, exempt from military service, and the nostalgia for the Hitler era in which indulgence towards Nazi crimes and criminals is recognizable."

His visit to the former Nazi concentration camp at Belzec on Sunday had left a "deep impression" on him.

Mr Dayan was believed to be referring to incidents at West German officers' colleges, in particular one in which young officers played at "burning Jews" during a drinking session. All those involved have been, or are in the process of being, discharged.

He was clearly also thinking of a wave of films, books and magazine articles which hit Germany this summer, some misleading and a very few actually pro-Nazi. But Mr Dayan is hardly justified in calling it nostalgia for the Hitler era. The interest is prompted mainly by curiosity among young people as to what actually happened.

What Mr Dayan may consider indulgent towards Herr Genscher, the Nazi war criminal who escaped here from Italy, is due simply to the fact that German law forbids the authorities to extradite German citizens.

Mr Dayan said that the international community could make far-reaching contributions to peace in the Middle East by supporting positive elements and opposing those that stood in the way of peace. "Egypt and its allies need your moral and political support and we hope that you will not disappoint them."

Middle East moves, page 9

## Further rise in interest rates feared

By John Whitmore

There was growing speculation in financial markets last night that interest rates might have to rise still further over the next few days unless the monetary authorities intervene rapidly to calm market nervousness.

Although the Bank of England appeared to be happy enough at the end of last week with the 2 per cent upward correction in its minimum lending rate from 5 to 7 per cent, markets have already started to talk in terms of M.L.R. going up to 8, or even 9, per cent.

The main reason for nervousness continues to be concern over the authorities' ability to control the rate of growth in the money supply. Although markets are already well aware that the November money supply figures are unlikely to be good, there is considerable anxiety about the underlying trend in the monetary aggregates beyond that.

This being the case, the market has also been rather puzzled by the fact the authorities have not yet attempted to reduce sales of gilt-edged stock this week—gilt sales to non-bank investors is the means by which the authorities neutralize the public sector's contribution to monetary growth.

It may be that the authorities have simply been waiting for markets to find an appropriate level after last week's sharp increase in M.L.R. or they may feel that the big investing institutions are temporarily short of money.

If the latter, they might feel that any further rise in interest rates would serve no useful purpose and that they should attempt to persuade the markets of this.

Meanwhile most short-term interest rates are expected to rise further this morning, with inter-bank rates from three months to a year up by at least a quarter per cent.

Midland raise base rate, page 2  
Financial Editor, page 23

### 'Express' beats union in court

By Paul Routledge  
Labour Editor

Mr Victor Matthews, chairman of Beaverbrook Newspapers, predicted a healthier national newspaper industry after a court victory over the Society of Graphical and Allied Trades (Sogat).

Speaking to me after the Court of Appeal had ruled that Sogat had no right to control production of extra copies of the Daily Express while the Daily Mirror is in dispute with its London-based journalists, he referred to the end of "union power" in Fleet Street.

"I hope it will be better for the workers, and for the managers," he said. "I believe that the workers respond to strong management and I think that a lot of the troubles in Fleet Street are due to weak management."

"Once Fleet Street starts to get strong management it will be a healthier place. If this action helps the cause, and I am sure it does, I am more than delighted."

He argued that the issue was relevant to industry generally, not just to Fleet Street. "If the Court of Appeal had upheld Bill Kemp's (general secretary of Sogat) action, then at any time a trade union official could stop or reduce operations in whatever field he is operating."

Taking Ford as an example, Mr Matthews said: "If they are on strike do you stop British Leyland producing more because they are going to get a larger share of the market? The argument is just the same. It applied to shoes and any other commodity produced for public consumption."

The fundamental point at stake was the right to manage. "Once you take that away from management you are in a bind," he added. "We must have the right to take our own decisions on what production we have the demand for, and that applies to everything you can think of. It is a fundamental commercial view."

The Daily Express increased production last night to take advantage of the gap in the popular market left by the Daily Mirror's failure to publish in London. The Daily Mirror continued on page 2, col 4

### Ulster investigation

Three investigators from Amnesty International began their detailed inquiry into widespread allegations of police and army brutality in Northern Ireland. Although the hearings will be in private, The Times has obtained details of allegations that will be made by individuals and by Protestant and Roman Catholic pressure groups. Page 4

### Shot journalist dies

The death of Carlo Casalegno, a distinguished Italian journalist shot by terrorists on November 16, has roused fears in Italy that outspoken supporters of democracy may now become the targets for political violence. Page 8

### Mr Bhutto blamed

Mr Bhutto, the former Pakistan Prime Minister, was accused of playing a treacherous role in the breakup of the country in 1971 by Mr Abdul Wali Khan, the Pathan leader. Page 11

### 14% offer to officials

Officials of the transport union will be offered productivity per rises of about 14 per cent if a deal is accepted by the executive. The lift engineers' strike is to continue, at least until area meetings consider an offer next week. Page 4

### Brandt sixteen

Sixteen world politicians and economists picked by Herr Willy Brandt for his commission seeking ways to bridge the north-south development gap include Mr Edward Heath, the former Tory leader. Page 5

### Norway: A four-page Special Report

on a country coming to terms with sudden oil wealth.

### South Africa: Voters put Mr Vorster's call for white unity to test at today's electionCall to publish "secrets": Mr Michael Latham, MP, wants material about the wartime activities of the security services to be published after 30 years. 4Leader page 17 Letters: On services pay, from Mr Philip Goodhart, MP, and others; on the Lord's Prayer, from Dr A. F. Foster-Carter, and others Leading articles: Fortes pay; Swan Hunter; Yugoslavia Arts, page 19 John Percival on Béjart's new version of *Petrushka*; David Littlejohn on Ponnelle's striking *Turandot* in San Francisco; Ned Chaffell on *The Hardman* (ICA); concert notices by Joan Chissell and Thomas Walker Features, pages 16, 20 Bernard Levin on some dirty work Down Under: Roger Barthod on European man in the year 2000; Robin Young on looking after the common man; Lord Gladwyn on holding back the Marxists Sport, pages 14-15 Cricket: Decision on Packer appeal will not be made before January 6; Lord's announce big payout to counties; Boxing: WBC call on Ali to retire; Racing: Both of today's meetings in doubt Business News, pages 21-27 Stock markets: Shares rallied strongly and the FT index closed 9.6 up to 474.1. Gilt's last early gain Financial Editor: Back to the interest rate cauldron; Company law: Still chasing the "insider"; Building societies: Pressure on the medium-sized Business Diary: Two building societies under the same roof Business features: Christopher Williams on the prospects for investment trusts; Peter Hill examines the background to the Swan Hunter dispute

However you look at it, we were the first to bottle scotch.

Dewar's

For those with a taste for the original.



## HOME NEWS

## Local health authority disowns unpublished mental hospital report

A report on a mental hospital alleging that voluntary patients were locked up and injected with drugs against their will was virtually disowned yesterday by the North East Thames Regional Health Authority.

The unpublished report on Friern Mental Hospital, north London, was prepared by the region's own monitoring team, but yesterday the health authority said it "could not confirm allegations in the report of unlawful practice in relation to informal patients at the hospital."

It considered that the report, which it again refused to publish on the ground that staff talked to the monitoring team in confidence, no longer formed a "practical basis for further action."

Instead it has asked the area health authority to examine six aspects of organization and policy at the hospital. It has also asked Mr. Ennals, Secretary of State for Social Services, to give particular consideration to the care and treatment of informal patients during the review of the Mental Health Act, 1959, now under way.

Genuine doubts were held whether the country about the correct interpretation of those provisions, a statement said.

Once that review was complete the authority would reconsider the practice at its hospitals. It had "complete confidence in the professional integrity and skills of the consultant and other staff at the hospital."

## Insurance agent dismissed for past mental illness

Mr Henry O'Brien, an insurance agent, was dismissed by the Prudential Assurance Company last July after it had been discovered that he had a history of mental illness, a Liverpool industrial tribunal was told yesterday.

Mr O'Brien, aged 38, of Masama Lane, Formby, had worked for the company for nine months. He alleges unfair dismissal.

Meanwhile, the organization for mental health, which is supporting him, regards it as a test case. It is effectively the first of its kind to come before an industrial tribunal.

Mr Brian Wrigley, representing the Prudential, said that Mr O'Brien was required to fill in a questionnaire which disclosed no history of mental illness. Reports on his work showed only commendation.

When Mr O'Brien applied for life assurance with the Prudential last May, his doctor gave a report disclosing a "history of psychosis and possibly schizophrenia". His mental illness had started in 1964.

Mr Wrigley said insurance agents had to visit people's homes and collect money. The Prudential felt responsible to the public for collectors it introduced into people's

homes, Mr Wrigley said. Other doctors' reports said Mr O'Brien had undergone electric shock treatment and had suffered from hallucinations. He was dismissed because his application form did not disclose his mental illness.

Mr Roland Green, Prudential's regional manager, said there was no criticism of Mr O'Brien's work, but added: "Whoever opens the door to the man from the Pru has a right to expect that the person will be of high integrity and acceptable in every way. Here we had a man who deceived us right from the start."

Dr Brian Ward, a consultant psychiatrist and secretary of the Royal College of Psychiatrists' public policy committee, said he thought Mr O'Brien had suffered from an acute anxiety state and not schizophrenia.

After an operation about 121 years ago on a growth once thought cancerous, "he literally worried himself into a state of exhaustion."

Dr Ward added: "There is no evidence at the present time that he is suffering from any mental illness." He did not expect further attacks and considered Mr O'Brien fit for employment.

The hearing was adjourned, provisionally until January 31.

**Bail plea fails**

Christopher Heapes, aged 27, one of the men charged in connection with last weekend's Dublin cash-and-carry store siege, failed in his application for bail at the Special Criminal Court in Dublin yesterday, being remanded in custody until December 12.

**QC and son together**

In an appeal in the Court of Appeal yesterday to stop a woman being deprived of her home, Mr Hugh Francis, QC, and his son, Richard, both members of Gray's Inn, appeared before Lord Denning, Master of the Rolls, Lord Justice Goff and Lord Justice Cuming-Bruce.

The hearing was adjourned, provisionally until January 31.

**Five years' jail for travel man**

Jack Blustein, aged 33, head of a travel company, was sentenced at the Central Criminal Court yesterday to five years' imprisonment for a £57,000 air ticket fraud, in which his victims included a nurse who wanted to go to see her sick mother.

Mr Blustein, formerly head of Envoy International Travels, Regent Street, London, of Beeching Wood Lane, Borough Green, Kent, pleaded guilty to 16 charges of obtaining property and pecuniary advantage by deception.

The hearing continues today.

**Settlement of closed-shop strike in balance**

By Our Labour Staff

An end to the National Union of Journalists' longest strike appears to be in the balance after talks between Westminster Press management and officials from the NUJ and printing unions.

The outcome of the six-month struggle between the NUJ members centred on Darlington over a closed-shop issue may be determined tomorrow.

The strikers are to receive a report on the talks from Mr Kenneth Ashton, the union's general secretary.

But Mr Michael Duggan, the strike leader, said he was not optimistic about an early settlement.

It is understood that the unions suggested a possible compromise providing for a "closed shop" in the newspaper that the NUJ is turning a blind eye to the position of Mrs Josephine Kirk Smith, a sub-editor whose refusal to join the union provoked the stoppage.

She is now a member of the smaller, non-IUC, Institute of Journalists.

A peace deal is likely to involve a commitment for immediate pay negotiations.

**Roll call for dead man**

The police organized a roll call of builders at a British Steel Corporation mill near Rotherham, yesterday to identify a man who fell into a 1,500°C furnace. They believe he was Gary Bradbury, aged 25, of Browning Road, West Melton, South Yorkshire.

**'Express' owner predicts healthier Fleet Street**

Continued on page 1

has been published only in Manchester since November 21 because of the journalists' pay dispute.

Mr Matthews said that "several hundred thousand" extra copies, perhaps as many as 500,000, would be added to the print run.

Mr Key said Mr Matthews in a letter sent before yesterday's court decision: "I want to see good—and yes, firm—management in Fleet Street, but let me also state you that such management would not have the right to pursue a course that pays no regard to the interests of labour and the nation."

Sogat objects to your company and any other publishers who have sought to take unfair advantage of other colleagues in the industry, to seek to promote the declining sale of the Daily Express to the disadvantage of the Daily Mirror when that paper has no means of defending itself. If this dispute continues much longer and if you and your colleagues are permitted the opportunity to gain circulation at the Mirror's expense, then there will be need for the Mirror to contemplate reopening, for you,

and others would have dealt a blow to that organization. Normal circulation wars, I can and do accept, but not of the type that you propose. Such a war would not only adversely affect print workers, but remove further titles from the market.

After the Court of Appeal had found in favour of Beaverbrook newspapers Mr Key gave an undertaking through counsel not to prevent Sogat members from carrying out their employers' instruction to print and publish more copies.

The London-based Daily Mirror journalists met last night in a hall off Fleet Street to discuss the sudden turn in events.

Last week the management withdrew a pay offer of an increase of £1.53 a year plus a merit review, and a commitment to talk about those affected by new printing technology, after Mr Booth, Secretary of State for Employment, had said that "certain aspects" of the proposed deal (which has been rejected by the journalists) did not conform to the Government's pay policy.

Law Report, page 6

## Mormon is said to have made love willingly

Joyce McKinney, aged 27, a former beauty queen, maintained that Kirk Anderson, a Mormon missionary, willingly made love to her when she took him to a cottage, according to an alleged statement to the police read at Epsom Magistrates' Court, Surrey, yesterday.

Beforehand, she added, they indulged in oral sexual practices and played bondage games to help him to sort out his sexual difficulties.

Miss McKinney, in her alleged statement, said: "Mr Anderson lay willingly while I tied him up. If he had not, this little 120lb girl could not have tied up a 250lb fit 2in man."

Miss McKinney and Keith May, aged 24, both Americans, are accused of kidnapping Mr Anderson, aged 21, from the Church of Latter Day Saints at Ewell on September 1; under a fully imprisoning him in a cottage at Lower Halsbrook, Oxfordshire, Devon; and possessing initiation revolvers and chloroform. Reporting restrictions have been lifted.

Miss McKinney, in evidence, said that during their earlier romance Mr Anderson refused to have sexual intercourse with her. She added: "We were together constantly and we did not have intercourse. He teased me and kissed me until I was out of my mind."

Earlier, Mr Anderson was cross-examined by Mr Stuart Elford, for the defence of Miss McKinney. He had said at a previous hearing that when he was manacled spread-eagled on the bed Miss McKinney tore off his pyjamas and a special condom.

He said he had been the undergarment. "They are so sacred to me that any time they are desecrated in any way the proper method to dispose of them is to burn them."

Mr Anderson agreed that while still in the United States he had transgressed the rules of Mormon missionaries "by becoming involved with Joy (McKinney); by holding her in his arms; by having sexual relations with her; and by using her first name." That was "the very reason I did not go to the cottage of my own accord."

He denied that the only time or way he was tied down or shackled was during sexual intercourse. He denied that any "scenario" was being acted out.

Mr Anderson said Mr May helped to secure him to the bed. "I did not know the intentions were to have forced sexual intercourse. After they tied down one leg and then the other I could not resist the rest," he said.

The hearing continues today.

**Fire pickets angry with police**

A dispute between firemen's pickets and the police developed yesterday after a man had died in a fire in a flat at Corby, Northamptonshire.

The pickets, who were a quarter of a mile away, say they had told the police that they were willing to tackle fires if people were trapped and were prepared to break into the fire station and take out appliances to save lives. The police, they allege, did not let them know about yesterday's fire, which was covered by two particular firemen.

Senior police officers refused to discuss their arrangements, if any, with pickets. They believe that the man in the flat, who had not been identified last night, would have died even if there had not been a fireman's strike.

A girl aged two died when fire severely damaged her terrace home in Bethania Street, Maesteg, Mid Glamorgan, yesterday. Firefighting Services and police attempted to rescue the girl, Amanda Jones, but were driven back by flames and smoke. Her mother, Mrs Carol Jones, aged 25, jumped to safety from a first-floor bedroom window.

Mr David Champion, aged 43, of Burnham-on-Sea, was killed yesterday after being thrown 30ft through the air into a fire tank. He was one of three men working on the

18,000-gallon tank at the Unigate dairy at Bason Bridge, near Halesham, Somerset. One of his workmates was taken to hospital suffering from cuts and shock. The other was treated on the spot for minor injuries.

Altogether six tanks were involved. The men were fitting one of them with safety railings. A representative of the company said: "An oxy-acetylene burner had been in use."

**Claim cannot be isolated, leaders told**

A statement issued from 10 Downing Street after yesterday's rally on the firemen's strike said:

The Prime Minister, the Home Secretary, the Secretary of State for Scotland, and the Secretary of State for Employment met the executive of the Fire Brigades Union at the FBU's request. The Prime Minister told the executive he was glad to have the opportunity to talk to them and to remain in contact with them in their position and at which he could tell them why the Government was pursuing its present policy.

The FBU executive outlined their case, emphasizing that they believe they have fallen behind in the wages table. The Prime Minister thanked the firemen for the way in which they put their case and said that he accepted that the dispute among firemen in real life was not about 3 per cent of wage negotiations but about the general interest that the nation should have a properly remunerated fire service. This is the Government's objective.

The Government's principal aim is to overcome inflation and it is for that reason that we have been so insistent on the need for 10 per cent as the limit of increase for national earnings.

Inflation is being worked out of the system although we have not fully succeeded. But by next spring and early summer it will be lower than for some years. Housewives, pensioners and families will all feel the benefit of this.

The Government's policy is to keep inflation down next year in order to preserve jobs and to remain competitive with other countries. More jobs will be lost if there is a wage explosion. Other countries with which we are competing have wage settlements—the United States 6 per cent, Japan 8.8 per cent, West Germany 7 per cent, France 12.4 per cent.

Our trouble is that we are so highly structured that wage settlements in one area feed through into other areas. Only about 3 per cent of wage negotiations have been settled, and other trade unions are looking to see what happens in the firemen's case. Trade unions will be waiting to build on the firemen's settlement. It is not possible for them to be isolated.

**Clinical freedom questioned**

A thorough investigation of doctors' rights to clinical freedom is long overdue, the Socialist Medical Association say in evidence to the Royal Commission on the National Health Service.

Such freedom, it argues, means that doctors can spend considerable sums on individual patients with no accountability to the public, which pays for the service, and that the value of costly treatments is rarely challenged.

**Weather forecast and recordings**

NOON TODAY Pressure is shown in millibars. Fronts: Warm, Cold, Occluded. Clouds are on advancing edge.

Today

Sun rises: 7.42 am. Sun sets: 3.56 pm. Moon rises: 10.47 am. Moon sets: 8.29 pm.

Last quarter: December 3. High water: London Bridge, 4.6 am, 6.8m (22.4ft); 4.30 pm, 6.8m (22.4ft). Avonmouth, 9.25 am, 12.2m (40.1ft); 9.43 pm, 12.0m (39.3ft). Dover, 1.8 am, 6.4m (21.1ft); 1.25 pm, 6.2m (20.3ft). Liverpool, 6.5m (21.5ft); 8.32 pm, 6.8m (22.5ft). Liver-pool, 1.24 am, 6.4m (21.0ft); 1.36 pm, 6.5m (21.2ft).

An anticyclone will move slowly over the British Isles, bringing cold and dry with sunny spells. After a frosty start with fog forecasts for 5 am to midnight:

London, central S and SW England, East Angles, E Midlands and Wales: c, cloud; d, drizzle; f, fair; r, rain; s, sun; sl, sleet; sn, snow.

WEATHER REPORTS YESTERDAY MIDWAY: c, cloud; d, drizzle; f, fair; r, rain; s, sun; sl, sleet; sn, snow.

Overseas selling prices

Australia, 100c; Belgium, 100c; Brazil, 100c; Canada, 100c; Denmark, 100c; France, 100c; Germany, 100c; Greece, 100c; Hong Kong, 100c; India, 100c; Italy, 100c; Japan, 100c; Korea, 100c; Malaysia, 100c; Mexico, 100c; Netherlands, 100c; New Zealand, 100c; Norway, 100c; Portugal, 100c; Singapore, 100c; South Africa, 100c; Sweden, 100c; Switzerland, 100c; Taiwan, 100c; Thailand, 100c; Turkey, 100c; USA, 100c; USSR, 100c; Venezuela, 100c.

Published daily except Sunday, January 1, December 25 and Good Friday by Times Newspapers Ltd, London. Printed by Times Newspapers Ltd, London. Registered in England. No. 2534. Registered office: 1, Abchurch Lane, London EC4N 3DF. Telephone: 01-562 1234. Telegrams: PIMM LONDON. Telex: 55555 PIMM L.

## Angry workers refuse to give up battle for pay parity in shipyards

## Redundancies loom after Swan Hunter vote

From Ronald Faux, Newcastle upon Tyne

The decision by more than 1,600 angry outfitting tradesmen at Swan Hunter's yard on the Tyne to continue their overtime ban, even though it imperilled a £50m Polish order and the jobs of several thousand colleagues, was seen last night as a black chapter in the area's history.

As the men grimly left the hall in Wallsend where they had overwhelmingly rejected shop stewards' advice to return to normal working restrictions began. Only 20 men voted in favour of lifting the ban.

It was feared last night that the management was drawing up lists of up to 800 men who will be the first wave of likely redundancies in the wake of the lost order.

A shop-floor union man said the workers were determined not to be blackmailed into giving up their fight for parity

with the boilermakers. The issue was at the heart of inter-union rivalry at Swan Hunter, and had been for more than two years.

"It is a small dispute really, and the Polish order has been brought into it," he said. "We want to build these ships but we want the same wage as every man at the yard. Why we have to lift the ban now is beyond me, because as outfitting trades we would not be working on the Polish order for at least six months."

Union leaders yesterday disputed suggestions that the Polish order would be "blacklisted" if it was directed to neighbouring yards.

Mr William Forster, regional organiser for the General and Municipal Workers' Union, said shop stewards felt that the dispute concerned parity, not ships. If the order was directed to the Wear the work would be done.

"Certainly the yards could handle some of the ships, and they would not need any written assurances about completion on time."

Mr George Arnold, chairman of the Confederation of Shipbuilding and Engineering Unions, said it had been an angry meeting. "As soon as I walked into the hall I knew what the outcome would be. We had no chance to put over our reasons for calling off the overtime ban."

Mr Gavin Laird, a member of the Amalgamated Union of Engineering Workers executive, said union members had left him in no doubt that their primary concern was not with the Polish order, but with the claim for parity. He was disappointed by the vote.

If the yard management had yielded to the outfitting, it would have run the risk of an immediate demand for more pay by the boilermakers, and structures from the Govern-

ment for breaking the pay code. Claim "separate": Mr Hugh Scanlon, AUEW president, said in London yesterday that Swan Hunter would be discussed at next week's meeting in York of the executive of the Confederation of Shipbuilding and Engineering Unions, representing all the unions concerned (the Press Association reports).

Mr Scanlon said his union executive appreciated that most of the claims for the re-establishment of differentials were justified.

The executive was not condemning the outfitting but believed that the claim should be a separate issue and not involved in the question of the Polish order. His executive was concerned that the maximum amount of work should be carried out in British shipyards.

Expensive loss, page 23

Members of the "Pro-Dogs Association" applauded the decision to adjourn the summons brought against Mr. Maynard Stiles, 28, of Scarrier Street, Burnley, who is accused of walking her Jack Russell terrier Tiny and her Staffordshire bulldog Sally in Scott Park, Burnley. The park was presented to the town by a former alderman in 1895.

Earlier Mr Johns, of Cresswell Avenue, refused to answer four summonses of walking his Labrador-Alaskan cross Kicky in Scott Park in October. A plea of not guilty was entered on his behalf. Six park rangers gave evidence against him, and at one stage he said: "Who gave me a pet? I bought a big-headed dog from a dog dealer at Burnley Town Hall the right to let ordinary people that they cannot walk their dogs?"

Mr Johns, who served with the Eighth Army, said that one of the four summons he had fought for included an Englishman's right to walk a dog in a park. He found some of the park rangers "arrogant."

Mr Frank Clifford, of Nelson, county secretary of the Pro-Dogs Association, giving evidence to Mrs Stiles, said Burnley council had applied for an injunction in the High Court restraining seven members of his organisation from walking their dogs in the park's grounds, including others to do so. His members were defending the action, and only an interlocutory injunction had been granted.

The by-law concerning the Burnley Borough Improvement Act of 1871, passed 1883, was passed by the borough council and approved by the Home Secretary. It has caused widespread controversy. The only exemption is for blind persons' guide dogs. Mr Clifford said he knew of no other local authority in the country that applied such a by-law.

**Professor fined over farm stock**

Dr Malcolm Head, a World Health Organisation adviser, was fined £150 by magistrates at Watlington-Thames, Surrey, yesterday, on being found guilty on three charges of causing unnecessary suffering to seven sheep and six calves but not giving them proper attention on his experimental farm near Cobham.

Dr Head, a professor at Surrey University, said he would appeal against the convictions.

**Return home**

Miss Jennifer Davis, aged 21, who took successful court action to evict her violent lover from their shared council flat, plans to return home today.

## Fine on dog owner who opposes park by-law

From John Chartres, Burnley

Herbert Johns, aged 55, an animal lover of Burnley, Lancashire, who refuses to recognise the legality of a new bylaw banning dogs in the town's public parks, was fined £20 on four summonses by Burnley magistrates yesterday. He said he might go to prison rather than pay.

The magistrates adjourned indefinitely four similar summonses against a woman dog owner after hearing that the legality of the bylaw, which came into effect in June, was still to be tested in the High Court.

Both cases were delayed because of difficulties in assembling a bench of magistrates able and willing to hear the cases.

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**Weather forecast and recordings**

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Today

Sun rises: 7.42 am. Sun sets: 3.56 pm. Moon rises: 10.47 am. Moon sets: 8.29 pm.

Last quarter: December 3. High water: London Bridge, 4.6 am, 6.8m (22.4ft); 4.30 pm, 6.8m (22.4ft). Avonmouth, 9.25 am, 12.2m (40.1ft); 9.43 pm, 12.0m (39.3ft). Dover, 1.8 am, 6.4m (21.1ft); 1.25 pm, 6.2m (20.3ft). Liverpool, 6.5m (21.5ft); 8.32 pm, 6.8m (22.5ft). Liver-pool, 1.24 am, 6.4m (21.0ft); 1.36 pm, 6.5m (21.2ft).

An anticyclone will move slowly over the British Isles, bringing cold and dry with sunny spells. After a frosty start with fog forecasts for 5 am to midnight:

London, central S and SW England, East Angles, E Midlands and Wales: c, cloud; d, drizzle; f, fair; r, rain; s, sun; sl, sleet; sn, snow.

WEATHER REPORTS YESTERDAY MIDWAY: c, cloud; d, drizzle; f, fair; r, rain; s, sun; sl, sleet; sn, snow.

Overseas selling prices

Australia, 100c; Belgium, 100c; Brazil, 100c; Canada, 100c; Denmark, 100c; France, 100c; Germany, 100c; Greece, 100c; Hong Kong, 100c; India, 100c; Italy, 100c; Japan, 100c; Korea, 100c; Malaysia, 100c; Mexico, 100c; Netherlands, 100c; New Zealand, 100c; Norway, 100c; Portugal, 100c; Singapore, 100c; South Africa, 100c; Sweden, 100c; Switzerland, 100c; Taiwan, 100c; Thailand, 100c; Turkey, 100c; USA, 100c; USSR, 100c; Venezuela, 100c.

Published daily except Sunday, January 1, December 25 and Good Friday by Times Newspapers Ltd, London. Printed by Times Newspapers Ltd, London. Registered in England. No. 2534. Registered office: 1, Abchurch Lane, London EC4N 3DF. Telephone: 01-562 1234. Telegrams: PIMM LONDON. Telex: 55555 PIMM L.

**Take some friends to a party**

Dimm's comes either gin-based or now vodka-based. You choose.

**Roll call for dead man**

The police organized a roll call of builders at a British Steel Corporation mill near Rotherham, yesterday to identify a man who fell into a 1,500°C furnace. They believe he was Gary Bradbury, aged 25, of Browning Road, West Melton, South Yorkshire.

**Clinical freedom questioned**

A thorough investigation of doctors' rights to clinical freedom is long overdue, the Socialist Medical Association say in evidence to the Royal Commission on the National Health Service.

Such freedom, it argues, means that doctors can spend considerable sums on individual patients with no accountability to the public, which pays for the service, and that the value of costly treatments is rarely challenged.

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Fine on dog owner who opposes park by-law

# Are these the week's most uncomfortable facts?



If you have the job of renting cars for your company, you could see this advertisement as a monumental piece of boat-rocking.

Because our rates make Hertz, Godfrey Davis and Avis look very expensive indeed.

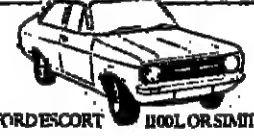



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Blame us, for not telling you about ourselves before.

And act fast, to make your company a massive sum by switching to Swan National.

This table will help you to gauge just how massive the sum would be in a full year:

Taken from current tariffs: Swan National 1st June 1977, Avis 1st July 1977, Godfrey Davis 4th July 1977, Hertz October 1977.

TYPE OF CAR	SWAN NATIONAL	AVIS	GODFREY DAVIS	HERTZ
 FORD ESCORT 1100L OR SIMILAR	DAILY PER MILE £4.25 (5p) UNLIMITED WEEKLY £49.45	£4.95 (5½p)	£4.95 (5½p)	(1.3 GL model) £4.95 (6p)
 FORD CORTINA 1600L OR SIMILAR	DAILY PER MILE £5.85 (6p) UNLIMITED WEEKLY £63.05	£6.25 (6½p)	£6.25 (6½p)	£7.00 (8p)
 FORD CORTINA ESTATE 1600L OR SIMILAR	DAILY PER MILE £6.75 (7p) UNLIMITED WEEKLY £72.80	£8.50 (8½p)	£8.25 (8½p)	(GL model) £11.00 (11p)
 FORD GRANADA 1600L OR SIMILAR	DAILY PER MILE £9.75 (10p) UNLIMITED WEEKLY £109.85	£13.00 (12½p)	£12.50 (13p)	Not shown (this model) £19.00 (19p)
		N/A	£141.75	Not shown

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# Make the switch and make more money.



## HOME NEWS

## TGWU officials may get productivity rises averaging 14%

By Our Labour Staff

The executive of the Transport and General Workers' Union is being recommended to accept a pay deal giving rises of about 14 per cent to the union's 450 full-time officials. The proposal is to raise by £11.44 to £14.30 a week the salaries of officials all over the United Kingdom and Ireland, who earn between £80 and £100 a week. The TGWU, which has consistently refused to accept the Government's 10 per cent limit on earnings, says the income policy.

Settlement comes within the claim apparently relies on productivity gains flowing from a reduction of a quarter in the number of full-time officials while membership of the union has risen to more than two million.

Mr William Kendall, secretary general of the staff side of the National Whitley Council, told a mass rally in Central Hall, Westminster, that there might be widespread industrial action.

He agreed that full pay research was not possible in time for the forthcoming settlement. "But it is still possible to use essential pay research information to produce pay-research-based settlements."

The pay research unit was suspended at the beginning of the income policy in 1975 and is being reactivated for the 1979 settlement. Full research for a settlement normally takes 18 months.

The full National Whitley Council meets for the first time since 1950, tomorrow at the unions' request. The permanent secretaries of the main departments will be present.

Mr Kenneth Thomas, general secretary of the Civil and Public Services Association, said yesterday that the meeting would be "the greatest collection of mandarins since the coronation".

The Government's refusal to use the pay research machinery for 1978 can only mean it intends to "screw" the rest of the community, he said.

He said the Government's policy will allow that to happen.

The stewards, representing 5,000 men, rejected a pay offer, but a final decision rests with a meeting of the stewards within the next five or six days. They belong to the Electrical, Electronic, Telecommunications and Plumbing Union.

The Engineering Employers' Federation, representing the 30 affected companies, made a "final offer" yesterday, of increases of between 5.42 and 7.20 a week.

Peace prospects depend heavily on the London area of the union, which has about three thousand members. They

are unlikely to meet before the beginning of next week. Civil Service unions gave a warning yesterday of "disunity, disorder and chaos" over the wage settlement due next April unless the traditional pay research system is reintroduced immediately.

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## Deportation man fails to get his freedom

Frimpong Mensah, aged 35, a Ghanaian, who is being held in Pentonville prison while the Home Office decides whether to deport him, failed yesterday in an attempt to win his freedom so that he could leave Britain voluntarily.

The application for immediate release if granted, would give opportunity for freedom for other immigrants being similarly held.

Mr Mensah, a married man, who has been in Britain for four years, was convicted last September of harbouring an illegal immigrant. He had been fined £100 and recommended for deportation by Mr Brian Canham, the Marylebone magistrate. An appeal against conviction was dismissed.

Mr Robert Winstanley, Mr Mensah's solicitor, told Mr Canham yesterday that under schedule 3 of the Immigration Act, 1971, a magistrate, even after a deportation recommendation has been made and the subject taken into custody, could order the release of the person being held, pending a Home Office decision.

Mr Canham ruled that he was unable to consider the application. He said it should be made to the judge who had dealt with Mr Mensah's appeal.

After the hearing Mr Reuben Davies, Home Office Immigration Advice Centre, said that since his appeal failed Mr Mensah had been in custody for four weeks. Hundreds like him would leave the country voluntarily if released.

"It costs £100 a week to keep the man in custody, unnecessarily," he said. "The Home Office says he has to wait until the Home Secretary can sign a deportation order, but that he is now so busy because there are so many strikes that he has not the time to sign the order."

New amnesty for some illegal immigrants was announced yesterday by the Home Secretary.

Powers to expel Commonwealth and Pakistan citizens who entered illegally by deception, immigration officials before the Immigration Act, 1971, came fully into force on January 1, 1973, will not be used, Mr Rees said in a Commons written reply. That decision brings their treatment into line with that of illegal immigrants who entered before 1973 by dodging immigration controls.

Mr Rees said that the decision did not apply to those who had entered by deception after January 1, 1973, or to seamen deserting, stowaways or people who were subject to deportation.

He also put a time limit on applications under that and a previous amnesty of December 31, 1978.

Parliamentary report, page 12



Voice of experience: Master-at-Arms Michael Warren, who has 24 years' naval service, showing the Royal Navy's youngest captain, Commander Michael Gretton, aged 31, around the frigate Ambuscade which he took command at Devonport yesterday. Commander Gretton, a former pupil of Cardinal Hume at Ampleforth, joined the Navy in 1963.

## Inquiry into Ulster brutality allegations

From Christopher Walker Belfast

Three investigators from Amnesty International yesterday began a detailed inquiry into widespread allegations of police and army brutality in Northern Ireland.

Although the hearings will be in private, *The Times* has obtained details of allegations that will be made by individuals and by Protestant and Roman Catholic pressure groups.

Three cases are generally regarded as representative of the type of allegations that will be made. They show the seriousness of the allegations and the difficulty Amnesty will face in assessing their validity.

In contrast to Amnesty's last visit after intervention was introduced in 1971, the current visit and the police have indicated willingness to cooperate. Unofficially, senior officers of the Royal Ulster Constabulary are known to be confident that the report will find evidence of ill-treatment, although they are prepared for criticism in individual instances.

Among the detailed allegations are the following:

1. Mr Leo Martin, aged 23, a member of a well known republican family, says he was arrested by soldiers on August 12 and held in police and military custody for three days. In a three-page statement, he says he was beaten with rifle butts and a few minutes later he came back in with another man who said he was a doctor. He asked what had happened to him and the doctor said, "I had a fall (sic). I said no, that I had been beaten up. He asked me where I was and I said, 'my stomach'. He said, 'I'll punch you in the stomach and the jaw.' He said that was the best medicine for a terrorist bastard like me."

Mr Martin's statement is accompanied by a report signed by Dr C. D. O'Neill, a Roman Catholic general practitioner from Springfield Road. It mentions injuries said to have been found on the patient, including six thumb-sized bruises on his forearm, and concludes: "I have no doubt that he was assaulted."

A senior RUC official said yesterday that he could not comment on the allegations. Mr Martin's case was still in the hands of the DPP, Mr Maclean was still under investigation by police officers, and Mr O'Connor's was the subject of a civil action, although the DPP had ruled that there would be no criminal prosecution against the police. The official added:

"The chief constable has made it clear on many occasions that neither he, nor the head of any police force, could ever say that there has never been an occasion when one of his men may have behaved badly. But also made clear that in the RUC we have the most rigorous system for dealing with complaints to be found in the United Kingdom. We also have documented cases of occasions where prisoners have inflicted injuries on themselves, or where they have deliberately engaged in violent incidents. Among other factors, the propaganda campaign of allegations against the police is indicative of our position in the United Kingdom. The rate of convictions against terrorists."

We also have the tightest system for safeguarding the welfare of prisoners. A prisoner is medically examined before interrogation and after, and can call for a doctor at any time during questioning. Earlier this summer a system was introduced whereby private doctors can be brought in by relatives. I emphasize again that at no time has there been any risk of a breach of ill treatment by the RUC."

The Queen's jubilee year gifts on show to public

By Penny Symon

The Queen will today visit the collection of more than 800 gifts she has received during jubilee year. She has said that nothing is to be thrown away, and will decide to which of the gifts she should eventually be sent.

They are in the state rooms at St James's Palace and will be on view to the public from tomorrow until December 24.

Most of the gifts were given by people in Britain, some of whom stood patiently in the crowds and waited for a suitable moment to thrust their parcels into the Queen's hand as she walked by. Their china flowers, dresses, and other gifts, dolls, and socks, have a place in the exhibition alongside the grander gifts given by heads of state, local authorities and industry.

Many people have sent paintings of the Queen, but Sir Seretse Khama, on behalf of the people of Botswana, gave a large painting of a confrontation between a lion and a buffalo. The President of Turkey has sent a hand-embroidered silk tablecloth, President Kenyatta of Kenya an onyx table and the Pope a rare copy of the Bible. To provide gifts many people painted, knitted, embroidered and sculptured, and a collier even carved a replica of jewelry out of a lump of coal. One woman sent a rock and roll record.

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Diary, page 16

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Diary, page 16

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## Death of prisoner could have been avoided, sheriff says

The death of Laurence Winters, a convicted killer, in the special unit at Barlinnie prison, Glasgow, in September, could have been avoided by strict searching of prisoners, Sheriff Principal Robert Reid, QC, said yesterday.

At a fatal accident inquiry, at Glasgow Sheriff Court, Sheriff Reid found that Mr Winters, aged 34, died by choking on his vomit while unconscious, as a result of an overdose of Tinal, probably smuggled in by another prisoner. There was no evidence that he committed suicide, he said.

"The Tinal appears to have been brought in by the prisoner John Neeson, who collected it in a toilet at the Douglas Inch Institute (Glasgow psychiatric clinic), during a visit to the clinic in the course of treatment," the sheriff added. "Winters' death might have been avoided by strict searching of prisoners who had left the special unit on escorted visits."

He recommended that to prevent any further such incidents those in charge of the special unit should consider how far searches of prisoners and visitors were consistent with the aims and methods of the unit.

Three prisoners from the unit gave evidence. They included Mr Neeson, aged 37, who was warned by the sheriff that he might not answer questions that might incriminate him.

Mr Neeson said that on the day of Mr Winters' death he collected both their lunches and took them to Mr Winters's cell

so that they could eat together. Mr Winters was sitting on his chamber pot. He called out to him but got no response. He and a prison officer approached Mr Winters.

"I touched Larry on the back of the head and spoke to him but got no response. When I touched him he fell off the pot and on to the floor. His body was cold."

He said that while in the unit, he was attending the Douglas Inch clinic for group discussions as part of his rehabilitation. Mr Winters had approached him to collect some stuff from a lavatory.

He found a matchbox sealed with adhesive tape behind a lavatory seat. Mr Neeson said he was not searched when he returned to Barlinnie, nor had he ever been searched after any of his escorted outside visits.

Robert Malcolm, a prison officer in the unit, said no prisoner returning from such a visit would be searched "unless there was any reason to believe there was something untoward". Visitors were not searched. That policy was something he inherited when he took over the unit in April.

Diary, page 16

## Campaign to keep unit open

By Annette Farriman

A campaign to keep open the controversial special unit at Barlinnie prison, Glasgow, was launched yesterday by Prop, the inmates' prisoners' rights movement, and Mr Russell Kerr, Labour MP for Houslo, Fife, and Heston.

Mr Kerr challenged Mr Mr Edward Taylor, Conservative MP for Glasgow, Cathcart, to spend 48 hours with him in the unit he has so often criticised.

"We shall see whether he remains of the same opinion after that period," he said.

Mr Kerr and Prop fears that the future of the unit is threatened because of its unusual reputation as the most dangerous of Scotland's most dangerous

and disruptive criminals. It allows the inmates wide scope for self-expression and encourages trust between warders and prisoners.

Mr Kerr said he would like to see the ideas behind the unit, which has experienced no violent incidents since it was set up in 1973, extended to prisons south of the border.

Recent events, including the death of Mr Winters, and allegations that prisoners were allowed sexual relations with visitors, have brought its future into question.

Miss Margaret Howarth, a member of Prop, who visited Barlinnie with Mr Winters in October, said plans to change the nature of the unit had been laid in May.

Diary, page 16

Diary, page 16

Diary, page 16

Diary, page 16

Diary, page 16

Diary, page 16

Diary, page 16

Diary, page 16

Diary, page 16

Diary, page 16

Diary, page 16

Diary, page 16

Diary, page 16

Diary, page 16

Diary, page 16

## Report on the roots of poverty

By Pat Healy

Social Services Correspondent

The most fundamental deprivations faced by the poor in inner-city areas are housing and income, particularly money. A report by the Government says. Policies need to be directed towards those areas, because improving social services would only alleviate the worst suffering of the poor and not touch the fundamental causes.

The report, on the circumstances of families in the Small Heath area of Birmingham, was published yesterday by the Department of the Environment.

A total of 136 of the poorest families were interviewed. The authors conclude: "The great need for most poor families was simple: more money, preferably earned; if not, derived from adjustments to taxes and allowances or through income support."

There is nothing specific to Small Heath in this conclusion: earnings for unskilled work are not low compared to other areas and residents regard it as a cheap place to live. But they suffer further deprivation in the form of lack of money in their housing and in their social and physical environment, and these are related to the area.

One woman, whose husband was frequently unemployed and who had sometimes to resort to begging for food, told the interviewer: "Sometimes I just feel like running and leaving the lot. In my bedroom, when it rains, it just drips in. In the lady's room there is a big dent in the ceiling, and you can see the light down on top of them, but they won't do any repairs for you."

Circumstances of Families, Inner Area Study, Birmingham (AS/13) (Department of the Environment, £2.50).

Diary, page 16

Diary, page 16

Diary, page 16

Diary, page 16

Diary, page 16

Diary, page 16

Diary, page 16

Diary, page 16

Diary, page 16

Diary, page 16

Diary, page 16

Diary, page 16

Diary, page 16

Diary, page 16

Diary, page 16

**First National Securities**

**Base rate**

**First National Securities Limited**

**announces that with effect from 1st December 1977 its base rate for lending is increased by 1% to 8%**

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## Unemployment cost put at £3,400m in lost output

By Mark Jackson, of The Times Educational Supplement

Unemployment cost Britain £3,400m in lost production last year, Mr Richard O'Brien, chairman of the Manpower Services Commission, estimates. That was part of the high costs of unemployment places on society and the individual, he told Birmingham University audience last night.

Mr O'Brien, who was delivering the first of the newly instituted annual Mason Memorial Lectures, based the figure on an assumption that full employment meant 500,000 out of work. He said it did not include the cost of social benefits and lost tax.

Those who believed that employment was no longer a serious matter because the unemployed were given adequate incomes were wrong, he said.

Unemployment benefit in Britain compared unfavourably with that in other Western European countries. Despite much anecdotal evidence it was rarely true that people were better off than at work. Even where it might hold good, as in the case of a man with many dependants, research showed that money on its own did not overcome the corrosive and destructive personal effects of unemployment.

Mr O'Brien said the assumption that there was no serious difficulty was socially dangerous in its implications if unemployment remained high we should need to guard against a

tendency for the labour force to become polarized, with those in work all or most of the time and those out of work in a fraction of the time.

In cases of asphyxia improved obstetric and paediatric techniques had helped to reduce damage from 1.5 to 0.4 a thousand and live births over eight years. The number of babies showing abnormal behaviour had been

halved from six to three a thousand. Premature babies, who might have taken a month or more to recover their birth weight, with consequent risk of brain damage, were now doing so in a fraction of the time.

Immunisation for the one mother in six with rheus-negative blood group, and intense light treatment were successful in about 30,000 births at the Simpson Pavilion since 1970 there had not been one case of cerebral palsy from jaundice.

Diary, page 16

Diary, page 16

Diary, page 16

Diary, page 16

## Minister denies attempt to take over curriculum

By Our Education Correspondent

There is no question of the Government's trying to seize control of the curriculum in schools, Mrs Williams, Secretary of State for Education and Science, said yesterday.

Speaking at a press conference to mark the publication of the Government's circular asking local authorities to review arrangements for the curriculum in their areas, Mrs Williams said she regretted the National Union of Teachers' decision not to cooperate with the questionnaire included in the circular.

The union's cooperation was said to be essential, however, she said. It was the local authorities, not the teachers, which were being asked to reply to questions on what they thought they had in carrying out what they wanted to do.

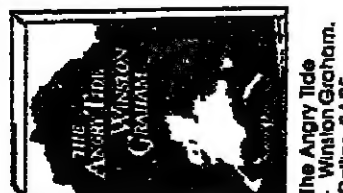
She nevertheless hoped to be able to reassure the National Union of Teachers that the circular was not a secret attempt to hijack the curriculum.

Teaching the blind: Blind and partially sighted children should be integrated into ordinary schools, the National Federation of the Blind said yesterday in a contribution to the educational debate the Press Association reports.

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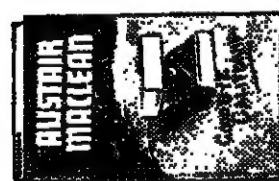
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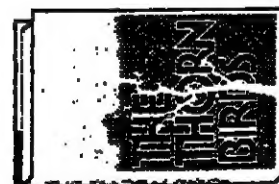
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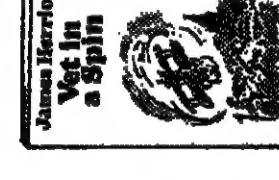
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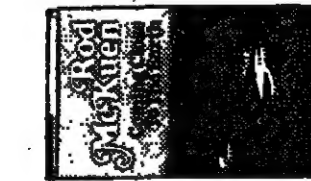
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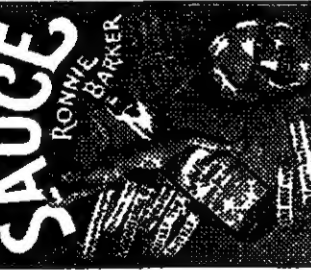
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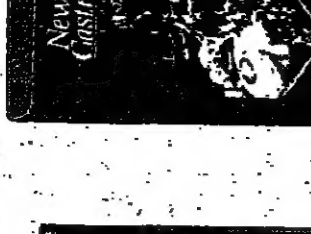
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The Country Diary  
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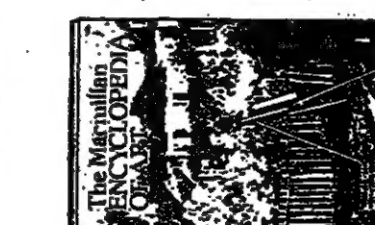
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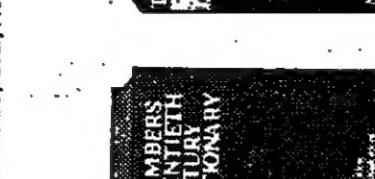
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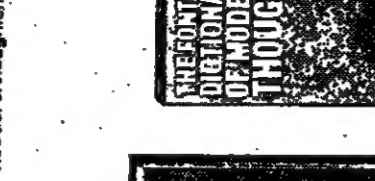
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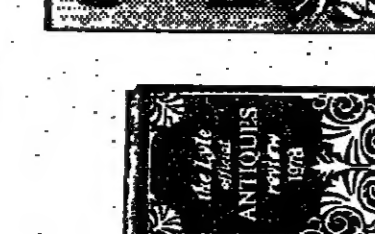
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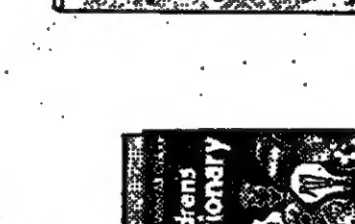
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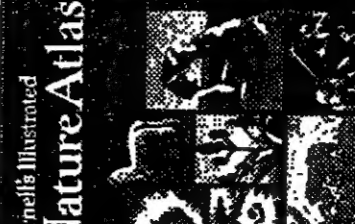
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## HOME NEWS

## Curb on development of Exmoor urged in Porchester report

By John Young  
Planning Reporter

Powers to protect moorland areas of high scenic and amenity value and to compensate farmers and landowners for any resulting financial loss are recommended in a report on Exmoor published yesterday.

The report, by Lord Porchester, was commissioned by the Department of the Environment and the Ministry of Agriculture last April, after disputes between farmers and conservationists. Lord Porchester's brief was broadly to assess the extent of changes in land use and to recommend ways of ensuring a proper balance between conflicting interests.

Although he makes clear that his terms of reference specifically concerned Exmoor, the Ministry of Agriculture said yesterday that some of the recommendations might have implications for other areas. The National Farmers' Union said the proposals would cause concern to Exmoor's farming community and to all farmers in national parks.

In spite of the report's expressed conviction that farmers should not be made to feel they are working against park interests, it is being seen as a victory for the conservationists. It was described as precisely that by the Council for the Protection of Rural England. The Exmoor Society said it was delighted.

Many of its recommendations can be assumed to have been influenced by the views of the Countryside Commission, which told Lord Porchester that it was convinced that the powers available to the park authority were inadequate.

Lord Porchester finds grounds for concern about the rate of reclamation of moorland for agriculture in the past 30 years. "If the balance of Exmoor scenery is not to be adversely affected, a category of land must be defined where change from the traditional appearance should be firmly resisted," he states.

The identification of such a category should be undertaken urgently by the park authority. There should be a firm commitment to the conservation of the defined areas, and accordingly a presumption against agricultural reclamation.

The report calls on the Ministry of Agriculture to recognise and support a policy of conservation, to the point where it will feel obliged to withhold grants for reclamation in designated areas.

It acknowledges that the EEC farm modernisation directive may be "something of a straitjacket" in not permitting the ministry to discriminate between applications. In that case, the Government

should take whatever steps are necessary to loosen the strings, to give the ministry discretion to stay its hand.

Lord Porchester considers that the effects of a conservation policy on national agricultural production would be negligible. But the implications for the individual farmer are completely different.

"For him, the withholding of grant could be a serious threat to the continuing viability of his holding," he observes. "He must clearly be protected from any adverse consequences of a policy of this kind and to that end should be fairly compensated."

Lord Porchester states that he favours a once-and-for-all capital payment to the occupier as well as the owner. The cost should be borne by central funds, although that may be affected by the present discussions between the Government and local authority associations on how best to finance purchases in the national parks.

The proposed moorland conservation orders would carry a right of appeal through a public inquiry. The park authority should be committed to reclamation of land within the defined areas as the opportunity arises, and, quite separate from the question of compensation, farmers should be able to qualify for conservation grants.

Not more than 12,800 acres of moorland within the "critical amenity area" are at risk, the report says. If conservation orders were applied to that acreage over the years the maximum cost of compensation would be between £250,000 and £3m.

In a reference to the prolonged dispute that provoked the report, Lord Porchester observes that had feeling on the park committee has sometimes hampered good administration. Although he considers that "the character of Exmoor can be endangered not only by too much farming but too little," the initial response of the farmers' union yesterday seemed uncomprehendingly hostile.

Some of the proposals were difficult to reconcile with the balance of interest that the report accepted was necessary, would be negative in operation and would lose the good will of farmers, it said.

But the Countryside Landowners Association said the report was well balanced. It was glad that Lord Porchester had rejected new powers of compulsory purchase and wide extensions of the planning system, but his proposal of more conservation orders would require detailed discussion.

A study of Exmoor. Report by Lord Porchester (Stationery Office, £2.75).

When the Albert Hall goes back to school  
Happiest proms of their livesBy Diana Geddes  
Education Correspondent

Proof that standards in at least one area of school life have been rising rapidly in recent years was offered at the successful two-day schools promenade concerts given in the Albert Hall, London, which ended last night.

Tickets for the concerts, now in their third year, were sold out three months in advance, largely to schoolchildren, judging from the audience. Two Russian song and dance groups were among the 300 young musicians featured in the performances, the first time the concerts have had any contribution from abroad.

There was a refreshingly irreverent carnival atmosphere in the vast hall when it went on Monday night, with paper streamers, banners, flags, airborne paper and waving school scarves all helping to show the audience's nevertheless genuine appreciation of some excellent musicianship.

An informally dressed Yehudi Menuhin beamed down at the teenagers in the pit after playing the solo violin part in Virgil's Concerto in C Major, backed by the chamber orchestra of the William Ellis School, Camden, London, and said: "My successes! On both sides of the platform!"

Mr Menuhin has done a lot to bring music to young people, as performers and listeners alike.

The music was impressive in quality and in its wide range, varying on Monday from handbell ringers from St John's Primary School, Rowlands Castle, Hampshire, and the 12+ members of the classical guitar ensemble from Holms Valley, Holford, West Yorkshire, to the best band from the London borough of Hillingdon and the 106 members of the Surrey County Youth Orchestra.

The most outstanding performance of the evening for

sheer professionalism and grace was no less than the Kingsdale School Dance Band from south-east London, featuring some superbly rehearsed solo improvisations in two big band jazz numbers.

But perhaps the most impressive and delightful was by the 70 girls, aged eight to 12, all dressed in red, of the Redlands Junior Recorder Band, from Workshop, Nottinghamshire, playing a roudie by Purcell and a fugue in G with chorale by Albrechtsberger.

The schools promenade concerts are sponsored by The Times Educational Supplement. The National Music Council of Great Britain local authority award for 1977 was presented yesterday to the London borough of Greenwich. The council's local education authority award was won by Kirkcaldy, West Yorkshire. The awards are designed to encourage the participation of local authorities in the musical arts.



Leena Ropponen, Eila Kettunen, Merja Saalasti, Marika Simola and Tuula Hakkarainen before the au pair girls' agreement was signed.

## Fair deal for au pair girls signed

By David Nicholson-Lord

Five Finnish girls attending the signing of a charter to guarantee conditions of future Finnish au pair girls in Britain, yesterday shook their blonde tresses, smiled winningly and rejected any suggestion they were overworked, underpaid or subjected to advances from lecherous husbands.

The only sign of exploitation came when the girls peeled off

their outer layers and walked up and down London's distinctly chilly Baker Street for the benefit of press photographers. The charter, agreed between Finland's Ministry of Labour and the Federation of Personnel Services of Great Britain, gives the girls a guaranteed minimum working day of five hours, one full day off a week, a week's holiday after six months, with a "going home" bonus of 50p for each week worked and weekly pocket money of £7.10.

In return they will provide what are described as "daily family duties". Two hours of baby-sitting, however, counts as one hour of work.

Individual agreements will be signed by the girl and her "hostess". The charter will be

reviewed annually at national level and overseen by the Federation, which represents 1,300 of Britain's 3,500 private employment agencies in its membership. A similar agreement has been signed with the Norwegian Government, which will benefit only some of the estimated 15,000 au pair girls in Britain at any time. Only 900 of them are Finnish or Norwegian.

The girls at the signing were marvelously contented. The typical routine for Miss Marja Kettunen, aged 22, of Pinner, is three hours' work in the morning and two or three afternoon baby-sitting each week. For the rest of the time she is free to attend English lessons and spend her £9 pocket money.

## Speedier housing schemes 'might save millions'

By Christopher Warren  
Local Government Correspondent

Councils could save many millions of pounds by streamlining the management of their housing-building programmes, a working group set up by the local authority associations states in a report published today.

It says that each year local authorities start about 100,000 new dwellings, and have under construction houses worth about £1,400m. If these dwellings could be brought into use more quickly it would mean better housing conditions and less misery than that earlier for those households.

Mr Tom McLachlan, chairman of the working group, told a press conference that a 5 per cent saving in the cost of housing would be saved, it would yield £70m for more and better housing. "I would hope that a 5 per cent saving could be achieved," he said.

The working group was set up by the local authority associations last February after a meeting with Mr Fresson, Minister for Housing and Construction. It represents local government's own self-critical look at the housing system, with the help of the Department of the Environment and the private sector.

The group's aim was to produce a constructive report to provide guidelines for local

authorities based on the practices of the best councils. Most councils could benefit if they looked again at their management structures and information systems, the report concludes.

Giving an example of savings councils could make the report says that on a development for 100 houses costing £12.5m, a feasible reduction in the time to start building could save £47,000 or about 4 per cent.

But there must be clear decisions on policy and resources from the principal policy committee. A single committee must have full responsibility for the housing-building programme, and should delegate responsibility to officers, who should be allowed to get on with their jobs.

A development manager with executive responsibility should be appointed in each authority to be responsible for implementing the housing development programme. He would be fully accountable to the committee for the progress of all aspects of housing schemes. The working group is to publish a second report before next summer concentrating on efficiency and value for money. The Management of Local Authorities Housing Building Programmes (A.M.A. 25 Old Queen Street, London, SW1R 9JE; A.D.C. 25 Buckingham Gate, London, SW1E 6LR; or Department of Environment, Room 1107, Beeston House, 1 Lambeth Palace Road, London, SE1 7ER, 50p).

## Workmates informed on man in schoolgirl case

A council rat catcher's workmates who remembered that he had boasted about the good time he had had with a woman late one night, nine months before, recalled what he had told them when they heard about a sadistic rape, and told the police, Miss Ann Currow, for the prosecution, said at the Central Criminal Court yesterday.

National publicity about the case, involving a girl of 14, last July, prompted Mr Roberts' friends to inform. The day after the report appeared detectives were waiting for him as he arrived for work, counsel said. Mr Roberts, aged 30, of Holness Road, Stratford, London, was jailed for 22 months when he pleaded guilty to having unlawful sexual intercourse with a girl under 16. His plea of not

guilty to rape was accepted. Miss Currow said the girl was on her way home when she was grabbed by three boys, two of 15 and one of 14. They threatened her with a knife and dragged her onto a common, where she was stripped naked. She was subjected to a most disgusting sexual ordeal, during which she was raped at least seven times and kicked.

As she lay helpless, too terrified or too exhausted to scream for help or put up resistance, two men who had been drinking appeared. One of them was Mr Roberts. The boys invited them to have intercourse with the victim and they did so. In July last the boys were sentenced to 10, eight and six years' detention. The other man had not been caught.

## No motorway bids

Four years after inviting tenders for a proposed service area on the M62 motorway near Goole, Humberside, the Department of Transport has still not received a bid.

## Arresting award

Police Constable Joseph Wilson, aged 31, of Bradford, received a bonus of £50 yesterday for catching 12 suspects in a day among 122 arrests he made between February and October.

## Law Report November 29 1977

## Court of Appeal

## Newspaper wins appeal over 'no extra copies' instruction

Beaverbrook Newspapers Ltd v Keys

Before Lord Denning, Master of the Rolls, Lord Justice Goff and Lord Justice Cumming-Bruce. The instruction by Mr William Keys, general secretary of the Society of Graphical and Allied Trades to members at the Daily Express not to produce extra copies in view of the non-publication of the Daily Mirror in London was held not to be in furtherance of a trade dispute and not in the public interest.

The Court of Appeal allowed an appeal by Beaverbrook Newspapers Ltd from the refusal of the Master of the Rolls, Lord Justice Goff, in chambers yesterday, to grant them an interlocutory injunction restraining Mr Keys from inducing employees who were Sogat members to break their contracts of employment by refusing to handle or distribute such quantities of the paper as the Daily Express might reasonably direct.

Their Lordships accepted an undertaking on behalf of Mr Keys to refrain from inducing any employee to break a contract or interfere with its performance. It seemed to his Lordship that the only trade dispute was that the Daily Mirror, a dispute to which neither Sogat nor its members were a party.

Mr Keys had accused the Daily Express of seeking to devour the Daily Mirror market as if there was something reprehensible in the Daily Express's refusal to do so. But all it was doing was acting as ordinary commercial people would to satisfy the demand of readers and advertisers. The consequence of Sogat's action was much injury to the trade and the public. Clearly, that was not the result intended in furtherance of the Daily Mirror dispute. It was something done in consequence of a consequence of a trade dispute and was far too remote to be prayed in aid.

In *BBC v Hearn* (1977) 1 W.L.R. 1004, 1011 it was held that a trade dispute was a man's freedom of trade or action was not itself a trade dispute.

his side but that he (Mr Keys) had committed himself to his and that if the Daily Express tried to enforce its legal rights he would close it down.

It was plain that Sogat members employed by the Express were bound under their contracts of employment to handle and distribute copies of the paper as Mr Keys directed them not to handle any extra copies was a plain inducement to break their contracts of employment. Unless it could be excused that was contrary to the law.

It had been suggested that the Express was in some way infringing an agreement it had entered into on November 17, 1976 with the Daily Express Publishing Company of Sogat, but his Lordship could see no justification for that.

Mr Keys relied on section 13 of the Trade Union and Labour Relations Act 1974, amended, which said that an act done by a person in contemplation or furtherance of a trade dispute was not actionable in tort on the ground only that it induced another person to break a contract or interfere with its performance. It seemed to his Lordship that the only trade dispute was that the Daily Mirror, a dispute to which neither Sogat nor its members were a party.

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## Queen's Bench Division

## Wage agreement remains unaltered

Regina v Central Arbitration Committee, Ex parte Deltaflow Ltd

Before Lord Widgery, Lord Chief Justice, Lord Justice Park and Mr Justice May.

The agreement made in 1975 between the Engineering Employers' Federation and the National Union of Shipbuilding and Engineering Union, which the minimum wage in the industry was £42 could not be altered by tacit agreement that such an amount was now unrealistic. Therefore it remained a "recognised term" for the purpose of considering wage claims under the Employment Protection Act, 1975, Schedule 11.

The Divisional Court granted an order of certiorari to Deltaflow Ltd of Birmingham, to quash a decision of the Central Arbitration Committee that the minimum wage claim by Deltaflow was not a "recognised term" of the industry, and that the minimum wage in the industry was £42 could not be altered by tacit agreement that such an amount was now unrealistic. Therefore it remained a "recognised term" for the purpose of considering wage claims under the Employment Protection Act, 1975, Schedule 11.

Paragraph 1 of the schedule provided: "A claim may be reported to the Advisory, Conciliation and Arbitration Service... that as respects any worker an employer is, in respect of any matter, observing terms and conditions of employment less favourable than the recognised terms and conditions or, where, or so far as, there are no recognised terms and conditions, the general level of terms and conditions."

Paragraph 2 provides that "(a) the recognised terms and conditions means terms and conditions of workers in comparable employment in the same or similar industry, which have been settled by an agreement... to which the parties are employers' associations and independent trade unions... and (b) the general level of terms and conditions observed for comparable workers by employers... and for the purpose of the minimum wage in the industry was £42 could not be altered by tacit agreement that such an amount was now unrealistic. Therefore it remained a "recognised term" for the purpose of considering wage claims under the Employment Protection Act, 1975, Schedule 11.

A formal agreement between the employers and the unions was made in May, 1976, in which the minimum wage was fixed at £36, increased in November, 1976, to £42. In 1976 the union complained that Deltaflow were applying terms and conditions less favourable than those generally found in the industry and that it was entitled to arbitration. If the minimum wage of £42 applied, the settlement under paragraph 2(a) would be less than if it was under paragraph 2(b) on consideration of the general level of terms and conditions.

The brief posed was whether, when the claim was determined, the employers were employing recognised terms and conditions, and whether the court should look at £42 as being the basic minimum or at the general terms and conditions applying to the industry. The Central Arbitration Committee took the view that £42 was no longer effective as a minimum wage as it did not fit with reality and it could be disregarded and that therefore the minimum rates should be decided by reference to the general level of terms and conditions in the industry. The committee recommended that the national agreement remained effective for other purposes.

In his Lordship's judgment the committee's conclusion that the minimum wage had gone was not tenable. Paragraph 1, dealing with "recognised terms and conditions", read with the definition of "recognised terms and conditions" in paragraph 2, made it clear that recognised terms and conditions were terms and conditions determined by agreement with the union and were not included accidentally. It was a word which had a clear meaning in law and in the language should be given its strict legal meaning. The written agreement of May, 1976, could not be altered by a new agreement made by competent people whose intention was to effect change. The idea that there had been a tacit agreement in the terms of the agreement derived from the fact that nobody had bothered with it for some time: it was a word which had a clear meaning in law and in the language should be given its strict legal meaning. 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## WEST EUROPE

## Prospect of Marxist ministers in West worries Nato chief

From Ian Murray  
Paris, Nov 29

General Alexander Haig, supreme commander Allied Forces in Europe, confessed himself worried today at the prospect of "Marxist" ministers in West European governments. Addressing a session of the Western European Union (WEU), he said that there might be unfortunate consequences to the Nato alliance if extreme left ministers were in power.

Their presence, he said, could prevent highly secret information being exchanged. It might also have the effect of relegating the finance of defence to the second rank in priority, which would undermine the military deterrent effect of the Nato alliance.

General Haig was particularly concerned by the growth of Soviet influence in Africa and the Third World. "Since 1974 the Soviet Union has shipped 50 per cent more than the United States in arms to the Third World. It is now supplying 20 African states with a commitment of arms", he said.

There were, he said, changes in the Third World dynamics. There had been great hopes for the emergent Third World in the last decade, but today these countries "almost without exception" had become dictatorial models of the left or right. It was said to see nation states at each other's throats with Soviet arms.

The West had a responsibility for setting the Third World problem, he continued. "Whether or not we engage ourselves in these events we will be increasingly affected by their outcome. Each one of us is affected by the outcome of the Third World events."

General Haig welcomed the reported willingness of the Soviet Union to negotiate on the level of arms sales to the Third World, but he gave a warning that Soviet involvement in the Third World made it essential for Nato to improve its collective capacity to respond to crises on its flanks.

He was concerned by the "degree of myopia" about the forces deployed in Central Europe. But were the imbalance of forces corrected tomorrow it would not begin to solve the problems of the balance of arms in the Western world.

One third of the Soviet forces today were deployed against China. If that position were to change it would also change the Nato position. The change of leadership in Peking might lead to such a change.

The expansion of the military industry in the Soviet Union was so great that the ability of the West to react was being eroded. This meant that the Soviet Union had been able to build up and modernize its forces facing Nato in Europe with a large residue of modern equipment.

"The days are gone when we could exploit the Soviet deficiencies. That is what massive retaliation was all about. We are concerned that the threats involve the politics, economy and industry of the Western powers. Myopia does not begin to solve the problems we face."

General Haig made his speech and expressed his fears about Marxist involvement to an Assembly which contained 12 Italian and four French Communist members. When he last spoke to the WEU in 1975 it had no Communist members.

The Assembly also had before it a report on defence drawn up for the first time by a French Socialist—and a member of the extreme left socialist group Ceres at that. This report, by M. Raymond Fort, shows the way a Union of the Left government in France might look at defence questions.

West Europe, it says, is well aware that any war, whether fought with conventional or nuclear arms, would bring total ruin. "Therefore, while there may be wide divergences between the defence policies of allies, they draw close together in their recognition of the need for a deterrent. It is no secret that today only nuclear weapons can provide a deterrent capable of making a possible enemy renounce the use of force."

M. Forni says that "internal developments" in certain member countries might make their relations with the Atlantic partners in the North Atlantic Treaty far more difficult because the United States would not be prepared to accept communists in government. Nevertheless, he says that "a French majority, whatever it may be, will have to take account of the De Gaulle solidarity between France and its defence links with the West."

"Should the future European Union come into being, it will not make its presence felt by breaking new ground," he says in conclusion. "On the contrary, it is by pursuing and organizing work which can be started here and now in the framework of existing institutions that we can lay the foundations for tomorrow's Europe."

## Death of Turin editor shot by terrorists

From Peter Nichols  
Rome, Nov 29

Journalism has suffered its first fatal shock in the Italian terrorist conflict with the death today of Carlo Casalegno, deputy editor of the Turin newspaper *La Stampa*—who was shot outside his home on November 16.

Apart from the personal tragedy for this highly respected journalist, the murder has gravely disturbing undertones. Responsibility has been claimed by the extreme left terrorist organization known as the Red Brigades.

They have shot other people. A public prosecutor in Genoa and Fulvio Croce, chairman of the Turin Association of Lawyers, fell victim to their bullets before Casalegno, and several journalists have been wounded. But in the Genoa murder and the killing of Croce an immediate motive was discernible. Croce was killed three days before the trial was due to open in Turin of arrested leaders of the Red Brigades; and he was supposed to be choosing a defence counsel which they had already said they would not accept. The killing was intended to place an obstacle in the way of the hearings and was successful in doing so. The wounding of journalists was presumably intended as intimidation.

But the murder of Casalegno does not fit into so rational a design. It had no known connexion with immediate events. He wrote against terrorism certainly, but so do most commentators. He was much more specific and direct in his style than most and a believer in the view that democracy was still a workable system for Italy, and the only valid one.

This may be why he died. Arguably the worst enemy of democracy is the worst enemy of its ambitions and so, logically, its most balanced defenders. They see the system not only as satisfying the bourgeoisie but publicly adopted in principle now by the Communist Party as a concept of universal value.

The fear is that Casalegno's murder may have marked a fundamental change in the methods of the believers in political violence whether of the right or the left. Italians are recalling the murder by the Fascists in June, 1924, of Giacomo Matteotti, which prepared the way for dictatorship.

Tonight Signor Francesco Cossiga, the Minister of the Interior, recommended to President Leone the posthumous award to Casalegno of the Gold Medal for Civil Valour.

Obituary, page 18

## Sixteen named by Herr Brandt to help him find ways to bridge gap with developing countries

## Mr Heath in North-South team

From Patricia Clough  
Bonn, Nov 29

Mr Edward Heath was today named by Herr Willy Brandt, the former West German Chancellor, among 16 world politicians and economists who will serve on his independent commission to seek ways of closing the North-South development gap.

Herr Brandt was asked to set up the commission in September on the basis of a proposal by Mr Robert McNamara, the World Bank president, to study politically acceptable ways of restructuring relations between industrial and developing countries.

The commission, which has a permanent secretariat in Geneva, will hold its first meeting at Schloss Garmisch near Bonn on December 9-11 and produce its report in about 18 months time.

Its members were picked purposely by Herr Brandt to give the majority to developing nations. They include Mr Olaf Palme, the former Swedish Prime Minister; Mr Eduardo Frei, former President of Chile; M. Pierre Mendes-France, former French Prime Minister; Mrs Katharine Graham, publisher of the *Washington Post*; Mr Sridath Rameswari, the Commonwealth Secretary General; and Mr

Adam Malik, former Indonesian Foreign Minister and once president of the United Nations General Assembly.

Herr Brandt deliberately selected personalities who are not members of present governments so they could devote more time and energy to their task.

The 16 members will be reinforced by "a group of distinguished development politicians and internationally experienced personalities" which, he said, would include Dr Henry Kissinger, former American Secretary of State. The names of other advisers would be discussed at the first meeting, he told a press conference.

Herr Brandt pointed out that the commission has no members from communist countries: "We are not at a point when these things can be meaningfully discussed with them", he said. But experts from communist countries would be invited to make contributions and the final report would include their point of view.

He considered the commission represented a transition between the Pearson Commission which tackled a similar task a decade ago and had no contacts with communist representatives, and the possibility of closer cooperation in future.

Herr Brandt said he considered North-South relations to be the most important social issue for the rest of this century.

I have no unrealistically high expectations", he said, "but I hope that the commission can present a useful and helpful report in about 18 months."

Other members of the committee are: Mr Abdolatif al-Hamad, director general of the Kuwait Fund for Arab Economic Development; Mr Rodrigo Botero Montoya, former Colombian Finance Minister; Mr Antoine Kipsa Dakoure, former Planning and Agriculture Minister of Upper Volta; Mr Amir Jamal, former Tanzanian Finance Minister; Mr Lakshmi Kant Jha, Governor of Jammu and Kashmir, India; Mr Joe Morris, chairman of the International Labour Organization governing body; Mr Peter Peterson, former United States Secretary of Commerce; Mr Nobuhiko Ushiba, former Japanese Ambassador to Canada and the United States; and Mr Layachi Yaker, former Algerian Minister of Commerce.

Herr Brandt said a seventh member, a woman from a developing country, may be appointed later. The commission's executive secretary is Dr Stefan Ohlén, Professor of Economics at Uppsala University.

## Berlingske union men snub court

From Our Correspondent  
Copenhagen, Nov 29

Two printing union officials on trial here for intimidation during the five-month-long conflict at the *Berlingske Tidende* newspaper are refusing to speak to the court in their defence until the ombudsman has given his views on their case.

Poul Erik Hansen and Louis Schandorph, chairman and deputy chairman of the Berlingske printing union chapel, complained to the ombudsman after being refused leave to appeal to the supreme court.

They held their case is political, warping trial by jury, but this was not supported by the Copenhagen city court by the appeal court. A magistrate is hearing the case.

The Berlingske conflict began on January 30 after the management gave warning of staff cuts back due to an expected 15 per cent loss this year. There were delays in production and printing staff were ordered off the premises.

## Architects and officials on trial in school fire case

From Our Own Correspondent  
Paris, Nov 29

Two managing directors, two architects and five civil servants are on trial in Paris in a case arising out of the death of 16 children and four adults in a school fire.

The Edouard - Pailleron School in eastern Paris, built on the British-designed Clasp system, was destroyed in less than an hour in February, 1973, after two children started a fire in a waste paper basket.

The trial is to find to what extent those who were responsible for building the school were also responsible for the fact that it burnt down so quickly.

When the French recognized in 1963 that many more schools were needed because of the post-war birth "bulge", the Clasp (Consortium of Local Authorities Programme) prefabrication system was chosen as a quick and cheap method of construction. Over the next few years 57 schools were built by the method and more than 200 others by a

similar process. French safety standards were applied to the building system and the prosecution is seeking to show that these were inadequate. Partitions made of highly inflammable pressed wood compounds were used with the result that when the fire started the school collapsed like a pack of cards when the fire not so much burnt them as melted them.

The case centres on how responsible the architects and planners are for a building and how much blame is to be attached to the civil servant who approves safety standards and to gas board officials who are responsible for safety checks.

The nine defendants, all senior men in their field, were between them responsible for helping to meet the government requirement of a new school a week. The defence case is that they were doing no more than the job they were asked to do.

Since the fire extensive security and fire safety measures have been carried out on all the other Clasp system schools in France. The woman who was arrested on Friday and subsequently accused of terrorist activities, admitted at a news conference in the central police headquarters here yesterday that she placed the explosives which caused £17,000 worth of damage to the offices and press room of the newspaper *Diario-16* on June 26.

She acknowledged that she was a member of Grapo (First of October Antifascist Revolutionary Groups), Señora Elvira Diegues Silveira de Muiños, aged 19, explained: "Diario-16 said that we were managed by a man and that we were an extreme right-wing group, and that is not true."

Regarding the aims of Grapo, she said: "We are trying to overthrow Francoism and our arguments are still valid despite the democratic situation."

## Clash of views at EEC energy conference

From Michael Hornsby  
Brussels, Nov 29

Two contrasting views of nuclear power emerged here today at the start of three days of "open discussions" on West Europe's energy needs and supplies between now and the turn of the century. The discussions, which are being organized by the European Commission, will be followed by a second session at the end of January devoted to the safety and environmental aspects of energy.

For some speakers, the rapid development of nuclear power was essential if even relatively low economic growth rates were to be maintained. Others questioned the necessity for over-reliance on nuclear power, with its known dangers, arguing that satisfactory economic growth could be maintained by resort to other energy sources.

Opening the debate, Herr Guido Brunner, the EEC Commissioner responsible for energy, urged the need for public awareness of the issues involved. Energy accounted for 10 per cent of gross national product in EEC countries. More than half of their energy needs were met by oil, 30 per cent by coal, and 10 per cent by gas. Each percentage point rise in oil prices added \$500m (about £27m) to the Community's import bill.

Earlier this year, the European Commission, under Herr Brunner's guidance, came out firmly in favour of pressing ahead with the development of nuclear fission, and in particular with the controversial fast-breeder, to reduce the EEC's dependence on outside sources of energy, and to meet what it sees as a growing shortage of oil and natural gas supplies.

A strong attack on this approach came from Professor Ignacy Sachs, director of studies at the School of Higher Studies in Social Sciences in Paris. He was unlikely to produce anything worth developing before the year 2000. As for research into energy from the wind, the waves and the tides, this was unlikely to show any real returns for another 40 years.

The real choice, in his view, was between nuclear power, with its politically centralizing,

even authoritarian, capital-intensive and ecologically dangerous implications, and the development of "soft" sources of energy, such as solar power.

Professor Sachs argued that annual economic growth rates of 4 per cent could be achieved without resort to fast-breeder or vast expansion of current nuclear power programmes. This could be done by more efficient use of coal, oil and gas, by locating more energy-greedy heavy industries in developing countries and by increased use of hydro-electricity and solar and geothermal power.

Herr Max Winkler, of the Association for the Protection of Nature in Bavaria, said the idea that growth could continue at the rates of the 1930s and 1960s was absurd. He calculated that to maintain 5 per cent growth over the next 50 years would require the output of more energy than the mass of the terrestrial mass.

The development of nuclear energy encouraged a continued belief in illusory growth possibilities. Herr Winkler added that nuclear plants were 80 per cent more expensive than thermal power stations, required huge capital investment and took a long time to build. They were inherently inflationist in character.

From the other side of the fence, Professor Hans Schneider, of Cologne University, argued that "the speedy development of nuclear energy" was the EEC's best bet. More efficient and rational use of energy could help, but would not by itself meet the extra energy required to maintain economic growth at a level necessary to maintain European living standards and help developing countries to raise theirs.

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## OVERSEAS

## South Korea tried to buy influence inquiry told

From David Cross

Washington, Nov 29

South Korea planned to spend \$750,000 (about £420,000) in 1976 to influence American policy favourably towards it, the House of Representatives was told today.

Donald Fraser, Democratic chairman of an international relations sub-committee which is investigating allegations of South Korean bribes to Congressmen, said that Seoul intended to use the money to secure the goodwill of members of Congress, journalists, scholars, religious leaders and businessmen. The sub-committee was opening two days of hearings in what has been nicknamed the "Koreagate scandal".

Mr Fraser said that in a secret plan obtained by the committee, there was also a note indicating that additional funds would be sent for congressional election campaigns.

The action taken by the Korean Central Intelligence Agency must be recognized for what it is, outright subversion, he added.

The plan disclosed "calculated intent" by the Koreans to use clandestine means to sway American public opinion of policy, he claimed. Critics of the government were to be neutralized.

It was also disclosed today that a federal tax court judge has imposed a 1972 diary belonging to Mr Tongsun Park, a South Korean businessman suspected of channelling Korean funds to American Congressmen. The judge is investigating alleged tax debts owed by Mr Park totalling some \$4,500,000.

Mr Park, who was a rice dealer in Washington, has been officially charged with more than 30 counts of fraud and bribery but has understandably requested to return to America to give evidence before congressional investigators.

## Carter tour to go on despite energy Bill

From Our Own Correspondent

Washington, Nov 29

President Carter has decided to go ahead with his foreign tour at the end of next month, whether the energy Bill has passed Congress by then or not.

Mr Thomas O'Neill, Speaker of the House, said this morning that Mr Carter had made the statement during a breakfast meeting with congressional leaders at the White House.

The President originally intended to leave a week ago. He postponed the trip because of continuing legislative difficulties over the energy Bill. He said he intended to spend the time lobbying for the Bill, which is making slow progress through a joint committee of the two Houses.

This gesture lost much of its force, however, when Congress went on vacation for 10 days over Thanksgiving (from November 18-28), the very time that Mr Carter intended to devote to his lobbying efforts.

The President will leave Washington on December 28, according to Mr O'Neill. He will visit Nigeria, Saudi Arabia, India, Iran, France, Poland and Belgium. The original trip would have started with visits to Venezuela and Brazil. Those two countries got Mr Cyrus Vance, the Secretary of State instead.

## Commuters stranded

Tokyo, Nov 29.—A strike over bonuses halted Tokyo's bus and underground train services for five hours this morning, leaving up to 700,000 commuters stranded.

## Mob vengeance

Belem, Brazil, Nov 29.—A foreman who shot dead a worker for questioning his pay was killed by a mob in Maracana, near here.

## UN turns its attention to visitors from outer space

Continued from page 1

To help the process along, he quoted large chunks of the speeches. Then he quoted from speeches on the same subject made in 1971 by the representative of a nation whose identity we might have guessed: Uganda. (What is it about UFOs that makes them irresistible to rulers with a dictatorial bent?)

All these quotations made the going heavy. Before Mr Friday was 10 minutes into his speech he noticed one representative nodding off. Twenty minutes later he had recovered, but many others were succumbing.

Mr Friday insisted several times, defensively I thought, that UFOs were no laughing matter. Mr Gairy had seen one and so, he claimed, had President Carter. Yet previous efforts—which he documented in detail—by the Intercontinental UFO Galactic Spacecraft Research and Analytical Network to have the United Nations take an interest in the subject had been thwarted.

"Earth may not be the only place inhabited by intelligent beings," he pointed out, and some delegates' smiles indicated that they were beginning to doubt a main premise of that observation. What was important, he continued, was to regulate contact between men from Earth and men from outer space, and the United Nations was the appropriate body for taking on that responsibility.

By now the representative of Panama and his neighbour from

## White House and UN accept invitations to Sadat conference

By Our Foreign Staff

The United States will attend the preparatory Middle East peace talks in Cairo called by President Sadat, it announced in Washington yesterday. The State Department said, however, it had not been decided who would go. Mr Vance, the Secretary of State, would not be leading the delegation.

The meeting is at the level of experts and the United States is only the second country to accept the Egyptian leader's invitation. Israel was the first.

In New York, Dr Waldheim, the United Nations Secretary-General, named General Enser Sillescu, chief coordinator of peace-keeping operations in the Middle East, as United Nations representative to the meeting.

He also proposed a further conference, at the United Nations or elsewhere, to be attended by the parties invited to Cairo, including those that have turned down Mr Sadat's invitation.

From Cairo, Egypt was waging a diplomatic campaign to try to persuade more countries to attend the talks which sources said could begin as early as next Monday.

The sources said, however, the meeting might be delayed by a few days if Egypt felt there was some chance of including Jordan.

Mr Kaddam, the Syrian Foreign Minister, who arrived in Moscow on Monday night, had talks yesterday with Mr Gromyko, the Soviet Foreign Minister.

Teas said the meeting took place "in a friendly atmosphere".

whether any agreement was reached on how to proceed towards a solution of the Middle East crisis.

Mr Kaddam is the first senior Arab leader to make direct contact with Moscow since President Sadat's visit to Israel.

Syria has joined other radical Arab states in strong condemnation of Mr Sadat's journey and has rejected the Egyptian leader's invitation to Cairo.

Although the Soviet Union has also obliquely condemned Mr Sadat and ignored his proposal to send representatives to Cairo, it has also indicated concern that Arab criticism of him may help harden feelings against a Geneva conference in general.

As the Libyans announced in Tripoli yesterday their summit would open as planned, Iraq dispatched envoys carrying invitations to another such gathering to three of the parties who have already agreed to go to the Libyan talks.

Iraq last night had added to disarray in the Arab world by announcing it was inviting the leaders of Syria (its chief Arab antagonist), South Yemen, Libya, Algeria, the Palestine Liberation Organisation and the PLO to the summit.

Informal sources in Beirut said yesterday that diplomatic pressure was being exerted on the Baghdad leadership to drop its plan and go to Tripoli instead.

## Focus placed on English-speaking minority

## Vorster call for white unity faces test at today's election

From Nicholas Ashford

Johannesburg, Nov 29

White South Africans go to the polls tomorrow for what is expected to be the last general election under the country's present Westminster-style parliamentary system.

The outcome is not in doubt. An eve of election opinion poll estimated committed support for the ruling National Party at 64.6 per cent compared with 7 per cent for the Progressive Federal Party (PFF) which is expected to emerge as the main opposition party.

The Nationalists are confident they will win more seats than the 116 held in the last parliament. Predictable though the result is, the election is nevertheless significant. First, it will indicate to what extent the white population, particularly the English-speaking minority, has united the Government's calls to unite in the face of growing external pressures.

Opinion polls have indicated a substantial swing towards the Nationalists but this movement may not prove as great as the party had hoped.

Second, the election will decide the future of opposition politics in the country. The emergence of the Progressives as the main opposition could lead to the virtual elimination of the centre parties and the polarization of white politics.

Only 119 of the Assembly's 165 seats are being contested. Nationalists are being returned unopposed in 43 seats and Progressives in two seats. The

election in the Springs constituency has been postponed after the murder last week of the National Party candidate, Dr Robert Smit.

Five parties are taking part in tomorrow's election which will also choose members to sit in the four provincial assemblies.

The National Party is nearing the end of its third decade as the Government of South Africa. It stands for separation between the various racial groups, although Coloureds and Indians will be offered a degree of political participation under the new constitutional plan. The "strong man" image projected by its leader, Mr Vorster, is expected to put a number of voters who might not otherwise support it.

The New Republic Party, the rump of the former United Party, held 23 seats at the time the election was called but is expected to shed some to both the Nationalists and the Progressive Federal Party. Mr Radcliffe, Cadman, party leader, believes they will retain the support of most former United Party voters, but observers think that even he may lose his Musgrave constituency. Their answer to the country's race problem is a confederated system.

The Progressive Federal Party, a coalition between the former Progressive and Reform Parties, who were joined earlier this year by six "left-wing" members of the United Party, hopes to add

several seats to the 18 it already holds. Support comes mainly from the wealthy suburbs of Johannesburg and Cape Town.

The party favours an all-race Turphalle-type constitutional conference to discuss the future. Its leader, Mr Colin Eglin, faces a tough three-way contest in his Seapoint constituency.

The South African Party, consisting of a right-wing splinter group which left the United Party at the beginning of last year, held six seats in the last Parliament and is expected to lose most of them.

Its policies differ only marginally from the National Party. Two seats were vacant at the time the election was called. There will be six fewer seats in the new Parliament than previously. This is because South-West Africa (Namibia), which is due to become independent next year, is no longer returning members to the South African Parliament. All six South-West African seats were held by the National Party.

There are more than 2,200,000 whites eligible to vote but political analysts believe that up to one million of them may not do so. This is partly because many regard the election as a foregone conclusion, but also because up to 30 per cent of voters have moved since the last general registration before the 1974 election. More than half of these remain untraced.

## Tempers get frayed at Biko inquest

From Our Own Correspondent

Pretoria, Nov 29

Twelve days of hearing evidence and conducting lengthy cross-examinations is beginning to take its toll on the legal teams at the inquest into the death of Steve Biko, the South African Black Consciousness leader.

Nerves and tempers are becoming frayed and the cross-examination of witnesses has taken a more aggressive note. The proceedings have got bogged down in a mass of medical detail as counsel representing the police and the doctors involved in the case go to great lengths to try and discredit the evidence of the expert medical witnesses.

In a rare show of irascibility Mr Martinus Prins, the presiding magistrate, told counsel representing the doctors, Mr B. Pirkard, to "get down to brass tacks". He complained that Mr Pirkard's cross-examination of Dr John Gluckman, the pathologist retained by the Biko family, was going round in circles.

Earlier, questioned by Mr P. R. van Rooyen, counsel for the police, Dr Gluckman admitted that he had had "second, third and fourth thoughts"

after signing the post-mortem report which showed that Mr Biko had suffered brain injury of the contra-coup type, with absence of coup lesions.

He said that although he was certain about the report's main findings he was uncertain whether there were coup injuries or not.

Dr Gluckman was one of three signatories of the post-mortem report. The others were Professor Johan Loubser, the state pathologist, and Professor I. W. Simpson from Pretoria University.

Professor Simpson told the court he believed there had been only one application of force to Mr Biko's head, resulting in a contra-coup injury.

Mr Prins ruled this afternoon that Brigadier C. F. Zietsman, chief of the Security Police, and his deputy, Brigadier B. J. Coetzee, would not be called to testify as had been requested by Mr Sydney Kentridge, counsel for the Biko family.

Mr Kentridge had wanted to testify as to how Mr James Kruger, the Minister of Justice, came to make erroneous statements after Mr Biko's death, that he had been on hunger strike while in police custody.

## Ethiopians 'control Harer'

By Our Diplomatic

Correspondent

Ethiopian forces are in complete control of the city of Harer, the key town in the Ogaden region, according to the Ethiopian Embassy in London.

Press reports that the Somali had captured Harer were

"false and ridiculous", the embassy said yesterday. Somali troops had never set foot in the city and were now being driven off beyond the town of Babelle, 30 miles away. The embassy also denied that Cuban troops were fighting for the regime.

## Nominee for FBI chief withdraws

From Our Own Correspondent

Washington, Nov 29

Mr Frank Johnson, a federal judge in Alabama, has withdrawn as nominee for the directorship of the Federal Bureau of Investigation, for reasons of health.

When he was nominated for the post by President Carter last summer, he had a routine check-up. The doctors discovered that he had a dangerous condition—a ballooned artery—that required an immediate operation. His recovery has been slower than he hoped and today he asked the Attorney-General to withdraw the nomination.

The Attorney-General will now have to submit other names to the President for the job.

## Korchnoi keeps chess lead over Spassky

Belgrade, Nov 28.—With two wins and two draws Viktor

Korchnoi now leads 3-1 in his chess match against Boris Spassky to find a challenger to Anatoly Karpov, the world champion.

Spassky forced a draw by repetition of moves in the fourth game last night after Korchnoi had earlier sacrificed a piece. These were the moves of the game.

Spassky white, Korchnoi black

1. P-K4 P-K4

2. P-K3 P-K3

3. P-K3 P-K3

4. P-K3 P-K3

5. P-K3 P-K3

6. P-K3 P-K3

7. P-K3 P-K3

8. P-K3 P-K3

9. P-K3 P-K3

10. P-K3 P-K3

11. P-K3 P-K3

12. P-K3 P-K3

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In Bangladesh, 3,000 like Ali look to us every day.

It's an awesome responsibility. In the Jamuna River area 3,000 pairs of eyes look up to us every day for enough food to keep them alive. Like Ali, they are the residual victims of the 1975 flood disaster, which started the famine and disease in Bangladesh.

In just one of our villages, we care for 100 children who have been either orphaned or abandoned by parents who simply could not cope.

But the greatest killers of all are still poverty and ignorance. That's why so much of our money is spent in helping the local people to help themselves.

We train local medical staff in all 5 clinics in the Jamuna area. We bring mothers and children to our welfare clinics. We explain to them that an under-nourished child can die from even a mild attack of gastro-enteritis, that a baby who lacks sufficient calories and proteins during his first months of life will be permanently damaged mentally.

For money, we have only one source to look to: people like you. Without help from the public, we simply wouldn't have the £13,000 needed every day just to keep up our present level of aid in 50 countries around the world.

And remember, 64p out of every £1 you donate goes directly to the children in need. That's a high figure for a very worthy cause.

We need you to save more lives. Look into your heart and give what you can now, or remember us in your will.

When you give, they live.

Please accept my donation of \_\_\_\_\_

I enclose cash/postal order/cheque/Giro No. 517000

NAME \_\_\_\_\_

ADDRESS \_\_\_\_\_

A receipt will be sent if S.A.E. is enclosed.

Save the Children helps in 50 countries around the world.

I wish my money to go to (tick appropriate box)

Wherever the need is greatest:

Child feeding centres ☐

Mother and child clinics ☐

Training local medical staff ☐

Producing higher crop yields ☐

Save the Children

The Save the Children Fund, 157 Clapham Road, London SW5 0PT. 113

PARLIAMENT, November 29, 1977

## Search for a method by which Government can underwrite long-term formula for firemen

House of Commons  
Mr Callaghan, the Prime Minister, said he had indicated to the Fire Brigades Union this morning that he would try to see if the Government could underwrite a long-term agreement or formula if one were made. But the Government could not depart from the 10 per cent guidelines.

Mr William Whitely (Ealing, North, Lab) had asked the Prime Minister to discuss with the CBI and TUC the effect on wage negotiations and price stabilization of the considerable improvement in the economy. (Conservative matter.)—which was bound to cause irritation to the Conservative Party in their anti-British campaign.

Mr Callaghan (Cardiff, South-East, Lab) had indicated to the Fire Brigades Union this morning that he would try to see if the Government could underwrite a long-term agreement or formula if one were made. But the Government could not depart from the 10 per cent guidelines.

Mr Callaghan—As a general proposition that is unacceptable, but I take it she is not suggesting that because of the world recession we should allow the British steel industry to collapse.

Mr David Steel, leader of the Liberal Party (Roxburgh, Selkirk and Peebles, L)—in future meetings with the TUC and CBI will he continue to stress the importance of the 10 per cent guidelines? Did he maintain that in his meeting with the Fire Brigades Union this morning?

Mr Callaghan—I do not wish to go into detail of my discussions with that union this morning. I have set out fully in the press and I think the union understands the position the Government are in.

The firemen have a substantial case for determining a long-term formula which will fix their position.

I have indicated this to them and I have tried to indicate to them that I would like to see if we could underwrite such a long-term agreement if it were made, in some way.

But it is not possible for the Government to do this under the circumstances, to depart from the 10 per cent guidelines.

We are not fighting the firemen. I am fighting for the overall objective of keeping down inflation and keeping jobs up.

Mr Barbara Castle (Blackburn, Lab) will he guarantee that the Government will not use the firemen's long-term formula to the same extent as they have under-

taken to underwrite the findings of the independent inquiry into the police?

Mr Callaghan—No undertakings have been given on either account and I prefer not to be pressed on that matter when negotiations are to be conducted.

Mr James Prior, chief Opposition spokesman on employment (Lowestoft, C)—When he next meets Jack Jones and the TUC, is he going to tell Mr Jones and the TUC that the Government will not apply to them for giving their members more than a 10 per cent increase?

Mr Callaghan—I am not acquainted with what he is referring to. If he puts down a question to the Secretary of State for Employment, I will answer it. He will get an adequate reply.

Mr Nicholas Fairbrairn (Kilross and West Perthshire, C)—Does he recall that in the counter-inflation statement he made on July 20, in which he said that the Government would not enter into a consensus society under the Government, I asked him what would happen if one party did not consent? Would his Government confront or surrender? He said: "Neither." Did he mean both?

Mr Callaghan—No. As usual, I meant what I said, and we are not in confrontation at the moment. The Government are not in a position to surrender or to confront.

They recognise very well the dilemma in which the country is placed at present when there is a great deal of unemployment and a firemen's case, but on the other hand an understanding that in a structured wage system such as we have in the fire service, it goes through the whole system. That cannot be permitted.

Mr Martin Flannery (Sheffield, Lab)—The question of the curriculum is one which teachers will not easily give over to the hands of other people. Therefore it is not surprising that they should be worried about this.

It is always a good thing in education not to make rapid amendments. There are some people who would never make any changes at all, the Conservatives, for instance. People who are doing nothing and a great length before they come to a decision.

Mr Williams—I understand that the Government are considering teachers for their own professional role. I hope he will assure the NUT, of which he is a prominent member, that he is not entering on my part to try to take control of the curriculum.

I hope he and other Labour MPs will appreciate that teachers have a right to be consulted on any changes in the curriculum. It is not illegitimate for us to draw this question of curriculum of education authorities.

Mr Williams—The Secretary of State's left hand and right hand work harmoniously together. It is clear that a system which enables the Government to have a say in the curriculum is a system which will work the effort to get higher standards in the curriculum.

Within the maintained system, we believe that many parental wishes can be met. The first thing is to have a system of standards in the maintained system.

Mr St John-Stevens—How can she support her statement that the use of the maintained system would wreck the maintained system when the foundation of the system, the 1944 Act, envisages the use of the maintained system?

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## Councils taking up fewer private school places

Crossing off a substantial section of pupils to independent schools, Mrs Williams, Secretary of State for Education and Science, said at a question time.

Mr Anthony Durant (Reading, North, C) had asked her for a statement on her policy in relation to the taking up of private school places by local education authorities.

Mrs Williams—The Government are committed to reducing local education authority take-up of places of non-maintained schools to the minimum, required in the light of the criteria set out in my department's circular 6/77 and I expect a substantial drop in the number of places over the next few years.

Is 1977-78 under 5,000 new places taken up by local education authorities under standing arrangements for non-maintained schools? About 2,200 of those are at independent schools and the rest are direct grant schools.

The figures did not include hand-picked pupils or arrangements in respect of other pupils on an individual basis. I regret that figures are not available for earlier years.

Mr Durant—The cuts in the rate support grant, particularly in areas like Berkshire, are making it increasingly difficult for local education authorities to provide the parental choice for single-sex schools and independent schools that they would wish.

Mrs Williams—We have made it clear in our circular that the only grounds on which local education authorities can take up places in independent schools is if there is an absolute shortage in the denominational system.

It is not part of our policy to make these places simply available for academic purposes.

Mr John Estlin (Eton and Slough, Lab)—How many such places have been approved for the year 1978-79 and is this pursuant to the circular 6/77?

Mrs Williams—The situation in Cambridge is most unsatisfactory. In the coming financial year, following severe cuts and rate increases in this financial year, further cuts have to be made in the educational sector. There is a 20 per cent increase in rates. Is the satisfaction with that kind of educational provision in Cambridge?

Mr Williams—I am not satisfied. Cambridge made proposals for a cut in the educational budget of £1,750,000 in the coming year before they knew the result of the rate support grant settlement.

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## Curriculum review: NUT action regretted

Regret that the National Union of Teachers had been reluctant to cooperate fully in the curriculum review was expressed by Mrs Shirley Williams, Secretary of State for Education and Science. She was commenting on the decision issued today (Tuesday) asking local authorities to report on curricular arrangements in their areas.

Mr Nigel Foreman (Sutton, Chesham, C)—Having issued her circular, will Mrs Williams do everything she can to ensure the NUT reconsider the rather negative attitude and advice they have given to their members on responding to this?

What is her response to the idea that there might be a natural break at the age of 14 before which there should be adherence to a fairly common curriculum and after which there was need for a more diverse prescription?

Mrs Williams—I regret the NUT has been reluctant to cooperate fully about the curriculum review although we have had long consultations with them and other teacher organisations.

On reflection, when they appreciate that we wish on the part of the Department of Education and Science to take over central control of the curriculum but rather to draw attention to matters of national concern in education, many of which have been pointed out by the NUT, I hope they will reconsider their attitude.

What is the other part of his question, my own view is that we specialise rather too early in English and Welsh schools.

Although I would not wish to say that 14 is a natural break point, I am sure we should maintain specialisation for those studying arts and sciences and science to a later stage than many schools do at present.

Mr Martin Flannery (Sheffield, Lab)—The question of the curriculum is one which teachers will not easily give over to the hands of other people. Therefore it is not surprising that they should be worried about this.

It is always a good thing in education not to make rapid amendments. There are some people who would never make any changes at all, the Conservatives, for instance. People who are doing nothing and a great length before they come to a decision.

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## Concern that Scottish Assembly would repeal Acts passed by Commons: need to avoid conflict

An amendment which, it was stated, was intended to make clear beyond a peradventure, what the Government had maintained—that it was not the intention of the Government to repeal any Act of the Westminster Parliament, was moved by Mr Eddison Griffiths (Bury St Edmunds, C) when the committee stage of the Scotland Bill was resumed.

He said that if the Scottish Assembly was to repeal any Act of the Westminster Parliament, it would be a serious breach of the original intention of the Act.

Then the Assembly could repeal the original intention of the Act.

That could not be done, he said, because the original intention of the Act was to give the Scottish Assembly the power to repeal any Act of the Westminster Parliament.

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at Council



**J&B Rare Scotch Whisky.**











Bernard Levin

# What happens to humanity when there's dirty work Down Under

I always knew that there was a limit to the number of the southern governments that could be sustained, but I had never before realized that there is no boundary to their extent either. Before, that is, I learnt of the latest action of Mr Malcolm Fraser, Prime Minister of Australia, to whom I can address no words more fitting than a line I recall from a short story of G. K. Chesterton's: "Get a new soul, man; that thing's not fit for a dog." Ever since the fall of South Vietnam, refugees from the new unified state have been fleeing from what has followed the pax Kissingerensis. This is not the occasion to discuss conditions in the new Vietnam, though I intend to do so in time; let us just record that thousands have attempted to escape from the country, and that the exodus is still going on.

At first, they went to Thailand, which is, after all, practically next door. Eventually, however, the Thai government decided that it could take no more such refugees; a shabby decision, certainly, but it must be remembered that Thailand is a poor country, and not a particularly strong one, and its very vulnerable position means that its rulers have to keep on good terms with their communist neighbours. The same, to a lesser extent, applies to Malaysia, which has done the same as Thailand.

But the desire to get away from countries like Vietnam is not to be quenched by a single rebuff. (It is, after all, the same desire as that which drives East Germans to risk almost certain death from the guards of the minefields and automatically operated machineguns which line their border with freedom.) Turned away by land, the refugees have taken to the sea, seeking a country, among the islands and archipelagos of Asia and the South Seas, that will take them in. In this tragic

armada, thousands have already been drowned trying to get away in boats too small, unsuitable or defective; some, however, have remained afloat long enough to be turned away from more than one neighbouring country. So some, no doubt more daring or perhaps fool-hardy than the rest, have set out on a voyage, thousands of miles in extent, to Australia. There, after all, they would find a haven (it is surely significant that the word with which we describe such people, "refugees", is in the passive mode, and has never seriously been challenged for supremacy in usage, by the active "escapers", though the latter is more logical). The southern-most station of white Western culture, ideals, democracy and humanity, Australia was as natural a goal for the Vietnamese "boat people" as the United States had been for the persecuted at the end of the nineteenth century, and as certain to take them in.

Some of them got there, through the storms and the sharks, and settled down; last anyone should have visions of howling hordes of aliens swamping Australia (area: 7,682,300 sq km) I should point out that the total number of those who have got out since South Vietnam was overrun, and landed in Australia, is at most in four figures (Australian population: 13,502,300).

It is said that some 2,000 more are on their way; one group is on a fishing-boat of trawler size, and may number several scores. Australia, apparently determined to retain, and indeed strengthen, her reputation as the armpit of the Southern Hemisphere, has been thrown into a state of panic. The usual refugee stories are circulating; the "boat people" are rich, one brought three servants with him (it was just old enough to remember that last one, in exactly that form, being told in Britain about German-



Mr Malcolm Fraser, photographed by Harry Kerr

Jewish refugees from the Nazis before the Second World War); there have even been strikes and demonstrations against the Vietnamese, organized by the

is unfit to live at all, let alone in Australia.

And at that point, Mr Fraser, Australia's Prime Minister, announced that not only would the refugees at present on the water be refused permission to land if they got to Australia, but that the Australian Navy would be ordered to intercept the boats and "turn them back". The spectacle of a warship bearing down on anything from a fish-boat to a rowing boat, ordering its crew (if it has one) to turn it round and head back to the storms, the sharks and the slavers, and firing shot or two across its bows if the order is not obeyed, is one to make the stomach heave; I cannot believe that that, after all, are a few Vietnamese here or there composed of men like their Prime Minister, and therefore hope that such commands would be tactfully ignored, but the fact that they are given at all is quite enough to treat this matter as the most important consideration in their choice of a government, and, as I have suggested, they are hardly likely to affect it by their choice if they do. But there must be some Australians—many I should hope—who regard their present Prime Minister, for his heroic stand against half a dozen helpless Vietnamese refugees with contempt, and to them I offer, by way of a reminder that the world has not always been full of Malcolm Fraser's, some famous lines carved upon the most famous statue of the modern world, which serves as a portal to a land which once behaved rather better than Australia does now:

Give me your tired, your poor,  
Your huddled masses yearning  
to breathe free,  
The wretched refuse of your  
teeming shore,  
Send these, the homeless, tempest-tost, to me:  
I lift my lamp beside the golden door.

As I have said, Australia is not alone, among the nations of Asia and the Pacific, in this wretched behaviour. But there is some excuse for the others; there is none at all for the rich, powerful, and well-served, a country with literally immeasurable reserves in natural resources, and with

## Is the time ripe for the strange fruits of the consumer grapevine?

The European Communities Commission sponsored a three day symposium on consumer information last week, with representatives from the nine countries of the EEC mixed with government ministers, public authority representatives and diverse academics to consider some 50 papers and presentations all in some way or other, seeking to answer the question: "What do consumers need to know about the things they are asked to buy, and how should they be told?"

Naturally the answers varied considerably. As ministers' opening speeches made clear, different countries have opted for different approaches. Mr Robert MacLennan, junior minister at the Department of Prices and Consumer Protection, indulged in a little generalising about the difficulties the Government has had in persuading some local authorities to keep them open.

Mr. MacLennan, from France, talked enthusiastically about her PO Box 5000 scheme, which supplies one clearing house address to which all consumer complaints can be sent to be sorted out and taken up by appropriate experts.

The underlying assumption of almost all the contributions, voiced by Mr. Richard Burke, the European Commissioner for Consumer Affairs in his welcome address, was that "the provision of sound, detailed and lucid information must be at the very heart of any effective consumer protection policy".

And to that end there are proposals for EEC directives on labelling foodstuffs, on anti-price, and on misleading and unfair advertising.

These are but the first fruits of an idea comparatively newly planted: as the symposium proceeded, one could watch the proposed consumer grapevine, or rather the ready-made legislation to bear strange blossoms.

The conference, endorsed, or received with apparent approbation, suggestions that, for example, consumer associations should be given free space in newspapers, and that the "proportion" of commercial advertising in the newspapers or magazines should be a compulsory subject of education in both primary and secondary schools.

The French proved most eager for informative labelling schemes. It was even complained, from their camp, that EEC regulations forbade French wine shoppers putting labels on the French authorities would regard as the minimum required.

The constant proliferation of brands and products, it was said repeatedly, must be matched with more and more information about everything. Governments must provide more, companies must provide more, and consumer associations must be given government grants so that they too can provide more.

The excitement of this almost universal agreement for information, reached its apogee on the last day, with a contribution by Dr. Hans Thorelli, professor in the graduate school of business at Indiana University.

Dr. Thorelli looked into a future thick with consumer information programmes. As

incomes rise and competing products abound, daily papers will be filled with "market overviews based on producer specifications, and independent product reviews".

People will shop from home using picture-phones and two-way cable television to learn about their intended purchases. The Post Office's Viewdata project, linking the telephone to the home television screen, might be used to enable customers to dial up a screenful of information at a time.

It may soon be economically feasible, he said, Dr. Thorelli, "for individual households to be linked to large central computer facilities by means of input-output terminals attached to their telephones or TV. The next breakthrough will be computerized consumer information."

There will, the doctor predicted, be computerized data banks filled with detailed information about the products and their precise availability at all local supply centres before the end of the century.

And how will consumers cope? Some, he said, will be linked to large central computer facilities by means of input-output terminals attached to their telephones or TV. The next breakthrough will be computerized consumer information.

Maybe, but one can only remark that this heady vision of an automated and information-packed future is far removed indeed from the present day reality of the consumer.

Buried among the conference papers, and afforded relatively scant attention during the proceedings, were two papers submitted by Mrs Jennifer Dreyton and Mrs Margaret Wallace of Strathclyde University. Their researches should have destroyed the mounting euphoria at a stroke.

Successively stated, they found that consumers already ignore, or misinterpret, the information they are given, and that to give more information is liable to add to confusion.

Research into a Swedish furniture labelling scheme, for example, showed that less than 10 per cent of people who bought pieces with carefully detailed and informative labels attached had even looked at the labels before they took the plunge.

Another piece of Strathclyde research concerned the use of price surveys comparing the local prices for basic foods and household necessities. Preparing such surveys has been a principal activity of Britain's boasted consumer advice centres.

It was found that awareness of the surveys among shoppers was not high, though it was higher among the lower socio-economic groups the surveys were principally intended to help. Yet of a small sample of 64 in which 13 in the lower socio-economic group had heard of the survey, 11 of the 13 said they had never found any reason to refer to the information it offered. The team found only one housewife who said she had used the price survey when doing her shopping.

So there is a more difficult question to answer than the one with which the symposium principally concerned itself. It is "What can be done to put consumer information when nobody wants to know?"

Robin Young

## For European man in the year 2000, life could be a Kibbutz-style Utopia a long way from the big cities

More and more people seem to believe that not even the most virtuous re-juggling of the old economic formulae will end the present recession and reduce unemployment to the levels of the 1950s and 1960s. Something more drastic is needed: a change in the way we live and think.

Not many politicians appear so far to be of this persuasion, perhaps because their stock ideological reflexes look irrelevant when the nature of the problem is examined, or are seen to be its cause. Governor Jerry Brown of California, visiting London today, is a notable exception. Those who share his belief that a new approach to life is needed will find powerful support in *Europe 2000*, just published by Duckworth at the futuristic price of £12, after seven years of research by more than 200 experts in 10 European countries, and with no less than £1.75m of backing from the Holland-based European Cultural Foundation.

It has been edited and to a considerable extent written by Peter Hall, Professor of Geography at Reading University, with contributions from a distinguished European team, including Bertil Jonsson, director of corporate planning at Volvo's headquarters.

The book is remarkable not so much for the novelty of its findings as for its massively-funded and heavily-researched vindication of the ideas of such writers as Ivan Illich, Lewis Mumford and the late Ernst Schumacher, which have already been largely borne out by events.

Few people would probably quibble at Mr Hall's selection of looming problems. He includes the decline in Europe's competitive power in the mass production of industrial goods, complemented by the rise of industrializing nations like Iran, Brazil and South Korea; Europe's dangerous dependence on imported raw materials (one idea which has sunk home); the disenchantment of young indus-

trial workers with assembly line production, still masked by immigrant labour; growing dependence on professional bureaucracies; and the danger of such groups as immigrant workers and unemployed school leavers feeling excluded from society.

The list of notional remedies is by now almost equally familiar (Mr Hall was struck by the similarity of the basic ideas for the transformation of society to meet the challenges ahead). Among those he examines are: the need to conserve resources; a preference for using tools rather than being used by machines; and a new emphasis on quality and durability; and the reorganization of social and economic life in small-scale units somewhere between a kibbutz and a new town, with advances in telecommunications cutting out much unnecessary travel.

The Europe of the year 2000, he suggests, will be a transitional society between the one we know and one as different

as the middle ages. In a "caricature stressing change", he envisages a European family living in a converted farmhouse on the edge of a hill area between 70 and 150 km from a major city. In accordance with the EEC energy act of 1982, it is heavily insulated against heat loss, has a windmill to reduce electricity costs, recycles farm refuse for fuel, and draws on solar energy.

The house is in a small hamlet abandoned during the great European agricultural depopulation of the 1950s. There is a primary school shared with other clusters of around 200 people, and a community centre. Retirement has been abolished, and work roles are very flexible and pay differentiated. Barriers have been eroded. Owing to strikes and discontent in big urban factories in the 1970s and 80s, the big multinationals have decentralized many operations to small workshop units in the new rural communities. Most people do

some work on the mixed, labour-intensive farms. It is a real community marked by a partial return to the extended family or caring group of earlier ages, with work, including child-rearing, being shared by men and women.

Exaggerated, Utopian, not economically viable? Certainly still a minority way of life, but one that will spread, Mr Hall believes, and a scenario which even the industrialists in the research groups were prepared to accept.

When I put the doubter's view to him, he pointed out that workers were already beginning to react against large-scale organizations. The team's researches suggested that companies in particular could be produced in smaller units.

Mr Hall saw no contradiction between a continuing trend towards bigness and a parallel trend towards better quality and more specialized production (bigger supermarkets, and more health shops). Movement into

the suburbs and even small towns accompanied the great growth of urban areas of the 1950s and 60s. It was now the small towns, not the big cities, which were dynamic, he said.

"It's not some kind of Utopian thing which has everyone in beads and sandals engaged in crafts. It's a natural evolution of post-industrial society; not a reversion to the middle ages, but exploiting the fact that you can produce on a smaller scale, linked to large-scale production," he said.

Mr Hall concludes *Europe 2000* with a plea to governments to devote more resources to trying to anticipate problems, rather than spending vast sums on grappling with them when they appear. Perhaps forecasts of even higher unemployment will help to persuade European leaders that some fresh thinking along the lines sketched out in this very stimulating book is overdue.

Roger Berthoud

## do you know?

- 1 Which City has more miles of canals than Venice?
- 2 Which City was described in the *Doomsday Book of 1086* as being worth 20 shillings?
- 3 Which City has a population of 28 million living within 100 miles?
- 4 Which City is at the hub of the UK Motorway network?
- 5 Which City has over 190,000 sq. ft. available office space in one building now?

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### The monarchy goes to the wall, but in fun

A sense of humour, opined Prince Charles on 11 October, kept him sane. This morning, at London's Press Club in the International Press Centre, the Prince will have a rare opportunity to indulge that sense of humour by studying the way in which royal watchers have indulged theirs.

He will open an exhibition of 135 cartoons, all inspired by the monarchy. He will not lose for, nor will he find, a vacancy. He will have been forewarned, anyway, by the name of the exhibition, Not by Appointment, though the exhibits (with a few unflattering republican and surrealist exceptions) manage a very nice line in respect.

Some of the cartoons turned up at yesterday's press preview. Cummins of the *Daily Express*, was there, and he is well represented on the walls. He told me he was sorry to find that the one cartoon of his which he knows is now at Buckingham Palace is not on view at the Press Club.

It shows the royal coach being showered with foreign currency, thrown by visitors, while the Duke of Edinburgh confides to the Queen: "This is the only nationalized industry that is making a tramping profit."



### What a gas

A Kensington reader has sent my colleague Bernard Levin a cutting from *The Times* which advises a post with British Gas. This anonymous reader suggests that such is the quality of the PR cut out for British Gas by the Levin column that it was inevitable that the power industry would go in search of a tutor.

Applications are invited for a Tutor in Human Relations at the National Management Centre which British Gas is in the process of setting up. The job, based at Stratford-upon-Avon, carries a salary of up to £7,402.

The selected tutor will "take specific responsibility for developments in the area of organizational behaviour and human relations". An academic qualification in "the behavioural sciences" is desirable, supported by experience in a business school type environment. Need anyone say more?

### Bing still sings at Christmas

The last recording of Bing Crosby, which was made at the BBC's Maida Vale studio only three days before the star's death, will be transmitted during a special, hour-long, Radio 2 Christmas show on December 27 at 11 am.

After his appearance at the London Palladium with Rosemary Clooney, Bing went to the studio on October 11 to cut the last of his recordings. He sang various numbers live, among them *Once in a While*, *The Night is Young* and *As Time Goes By*.

The following day Bing flew to Spain and, as we now know, two days later played his last game of golf. During the recording, I am told, he was "in good form and seemed perfectly well".

The programme's producer, Lawrie Monk, adds: "The whole programme was set up in a matter of days. When Bing made the recording for us, he sang eight songs which were a mixture of nostalgia and current releases."

### A case of mind over matter: it's just horse sense

I have cheering news this morning for any horses who might be slumping under the weight of an inferiority complex. It is this: clever though Man is, he can still be improved by a little horse sense.

This is the conclusion I have drawn from the announcement that MENSAs, that assemblage of superbrains, is putting a candidate through some intensive training for an international contest to be held in London on Saturday.

The event is being organized by "lively" makers of Master Mind, the deductive coloured pegs game that Sherlock Holmes would have adored.

The MENSAs candidate is Nicholas Mitchell, aged 25, a trainee actuary, from Hampshire.

London. He has been put through practice sessions designed to make him impervious to such distractions as exploding flashlights, dropped articles, moved chairs, coughs and nervous laughter (though not his own, presumably).

Horses being not ready for ceremonial occasions have to undergo similar preparation, I am reliably informed. And even though their IQ must be lower than Mr Mitchell's (177), they soon latch on to what is expected of them. More than that, they have been known to put away a leading *Guardian* to shame or hot days.

To keep his grey matter in trim for the Master Mind contest, Mr Mitchell has been spending the weekends at Cambridge University, studying the advanced mathematics, playing against a computer. I am assured his success-rate is high.



# NORWAY

## Sudden wealth brings new sense of importance

by Derry Hogue

Norway has expanded its way through the recent recession to the point where its prosperity now matches its geography—top of the world.

The latest OECD figures show that the Norwegians have passed the Swedes and the Swiss to enjoy the world's highest standard of living. Despite this big economic jump, they have kept their countryside almost entirely unspoiled and maintained a remarkable, though slightly stolid, social cohesion; but the new wealth has also landed them with a previously unknown sense of international importance, and of complication.

It was the huge offshore oil and gas find of the 1960s which allowed the Norwegians to take a firm hold in this decade of an immensely increased international credit rating and borrow themselves into their present good fortune. There is no doubt that Norway can look forward to equal affluence in the next decade.

For the immediate future, though, the economy will, by British standards, enjoy a luxurious pause while oil revenues begin to gush in and pay off a staggering debt for a country of only four million people. At the end of this year the foreign debt is expected to be 75,000m kroner (£7,500m).

If the sudden new wealth has settled Norway on a high economic plateau, it has also brought Norwegian politics on to a different plane, with some significant patterns emerging from the September 2 elections for the unicameral Storting (Parliament).

In one sense, the elections buried an old issue which had divided all parties in the 1973 elections—whether to join the EEC—and voters returned to their traditional

socialist and non-socialist sides of the electoral fence. They also brought much closer attention to what is now developing as the most important political question: how much further should the state have over every-day economic and social life.

The long-ruling Labour Party, under the leadership of the Prime Minister, Mr Odvar Nordli, was returned with renewed strength, winning 52.2 per cent of the vote and 76 of the 155 Storting seats to make it the biggest single party in Parliament. It managed this on a main campaign plank of maintaining full employment, (at present a negligible 0.7 per cent of the workforce is looking for a job). The Labour Party picked up 14 of the 16 seats formerly held by the Socialist Left Party, which during the 1960s had gained support from Labour's traditional supporters among industrial workers in the main cities.

However, one of the most significant developments was the gains for the Conservative Party, a city-based party closer to the policies of the British Liberal Party than its British namesake. The Conservatives for the first time this century entered as a future national opposition.

The Conservative Party contested all 18 voting districts throughout Norway for the first time in its history and pulled off a mild strategic coup in the western coastal and fjord region from Kragerø up to Molde, where strong rural and Lutheran traditions have been reflected through the Christian Democrats.

By entering a formal election alliance with the Centre and Christian parties, the Conservatives were able to remove many of the rural "bible belt" suspicions held against the "city slickers" and in an area of 50 seats picked up nine. This is particularly important because the election also saw a swing to the Conservatives elsewhere, and to the Christian Democrats from the Centre Party, whose representation in the Storting has fallen to 12 seats from 21 seats in 1973.

### Cities fear further state power

It also seems that the Conservatives will gain the upper hand in the cities among the better educated and higher income groups who, while favouring liberal social policies such as the right of abortion on request, are fearful of further state power. This is a voting area of privately admitted concern to senior Labour Party officials. More and more people will move into this category as Norway moves into an advanced technological and service economy requiring fewer of the traditional industrial workers in its increasingly automated industries.

The other main issue heightened by the oil and gas discoveries is that of the environment, and this, too, is increasingly likely to cut across all parties. The mishap on the Bravo platform in the Ekofisk field in the North Sea in April gave added weight to demands to slow down the pace of life. It certainly dampened any public enthusiasm to push ahead quickly to develop fields north of the 62nd Parallel. The new disaster has also ensured much stricter state controls over all offshore activities. Anti-Labour forces say this will only extend the pattern of state control to cover areas outside the environment both offshore and within the hydroelectric-based industries.

The new rural and urban alliance within the Conservative Party is still too young to pose any threat to the Government now or even possibly at the next election. However, in the meantime, Labour, with an effective majority of only one on most issues, will be looking hard within itself on the question of further state control.

Mr Nordli sits at the centre of the party and from now on Christmas will be presiding over differences on the allocation of leases in the Cold Block area of the North Sea.

Mr Bjartmar Gjerde, Minister of Industry, is said to lean to the side favouring some private participation. The party chairman, Mr Revilf Sten, and vice-chairman, Mrs Gro Harlem Brundtland, who is Minister of the Environment, argue for complete control by the state oil company, Statoil. Mr Per Kleppe, Minister of Finance, would, in British terms, be in the right of Mr Nordli within the party.

but he is in favour of Statoil control and not so much on the grounds of socialist ideology as because of the need for integrated economic planning, and because he wants the revenue. At present he is also ministerially responsible for the massive subsidies given to private enterprise to help to maintain some ailing industries.

Of more immediate concern to the ministers is a Cabinet reshuffle which is expected early in January. So important is the oil and gas industry that the Ministry of Industry is to be divided into two. There will be a special ministry for oil and energy as well as for industry in general.

One man whose excellent international performance has perhaps been underestimated in domestic Norwegian politics is Mr Jens Evensen, Minister for the Law of the Sea. He is likely to understand the mixed fortunes of Herr Willy Brandt, whose world standing was not always matched at home. Mr Evensen is often credited with being a mainstay of the Law of the Sea conference and with contributing much to international maritime law. But in some quarters it is suggested that he may suffer in the Cabinet reshuffle because he conceded too much ground to the Russians in negotiations over a temporary fishing zone in the Barents Sea after a meeting in June.

It is generally agreed that Mr Nordli has a long rule ahead. But the standing of Mr Sten, who has a rural background and yet a sophisticated political grasp, can only rise. He is often said to be more conservative in private than he makes out in public.

Likewise Mrs Brundtland's career should only wax. She not only has a popular appeal because of her good looks, but she provides a good example of the lack of social divisions within Norwegian political life.

## 'Grey zone' at sea adds to poor relations with Russia

The North Sea oil and gas discoveries have taken Norway out of the quiet Scandinavian niche to face a greatly enhanced and yet complicated standing in its foreign relations.

To its immediate neighbours, Norway now equals Sweden as the main centre of focus in the north, ending what was for so long an admitted inferiority complex about being the provincial cousin. This new-found attention is even sharper than that of Sweden among Third World countries where Norway's liberal voice has been backed up by the world's highest per capita (1 per cent of gap) aid contribution.

Earlier this month, Mr Michael Manley, Prime Minister of Jamaica, was in Oslo for talks with Mr Odvar Nordli, the Norwegian Prime Minister. As a result of the visit Norway and Jamaica are to exchange embassies, and even more significantly, set up a joint commission to promote industrial development. Norway is likely to supply money and technical expertise and establish training centres in return for continued supplies of Jamaican alumina.

This type of joint activity is already part of national policy and is concentrated mostly in Africa, particularly East Africa. Embassies have been set up in Nairobi and Dar es Salaam solely to expand Norway's quite passionate national belief in a new world economic order. This conscience cannot be dismissed on the grounds that such a policy can only lead to increased Norwegian trade opportunities. Already some traditional industries such as textiles, clothing and shoes, have suffered directly as a result of largely unrestricted entry of competition from countries with a cheap labour force.

But if Norway has gained prestige in the Third World, its greater economic strength

has only brought difficulty to its relations with Russia. To the Norwegian public, relations with Russia are felt to be increasingly tense, although this would appear to be a slight exaggeration of what are really cool disagreements over rights of access in the Barents Sea.

These differences are not going to be resolved within the next few years and there is likely to be increased Russian pressure. Norway, which is tiny in comparison with its giant neighbour, will be attempting to reach a delicate balance: it will have to continue to avoid tension and yet remain solid in its determination to protect its interests.

The big differences exist in defining a border to extend northwards out to sea from the undisputed short (160 miles) land border above the Arctic Circle.

The Norwegians want the border to be taken from a line heading north-east, the median line, to take into account the continental shelf of the arctic island of Spitzbergen (Svalbard) over which they have had sovereignty for the past 52 years. The Russians want the border to be based on a sector line heading due north and well to the west of the Norwegian claim.

The disputed area, known as the grey zone, is of about 25,000 sq miles, and an impasse has been reached with the setting-up of joint Soviet-Norwegian control of young fishing stocks in the region. Although further talks are expected in Moscow next month, Norway has reserved for itself the right to maintain controls in an overlapping zone. It has declared for fishing control extending 200 miles east from Spitzbergen.

The grey zone and the overlapping Spitzbergen fishing zone are not just of immediate concern to the present access to fishing stocks nor even the potential

of oil and gas finds. Instead it is of vital strategic significance to the Russians who have built up the world's biggest military installation on the Kola peninsula, just east of the land border. The Kola establishment includes an estimated 70 per cent of the Soviet nuclear submarine fleet based at Murmansk: a total of about 180 submarines, 90 of them nuclear, and about 500 surface vessels. It is the only area which remains unfrozen in winter and is the most direct way out to the Atlantic. The North Sea and the eastern seaboard of the United States.

Norway has traditionally sought to minimize tension in the region by prohibiting any permanent Nato bases on its soil although it supports regular Nato exercises and has built up a network of airfields and seaports for quick landing should any crisis occur.

It was only earlier this year that these Nato exercises included a mobile hospital unit from West Germany. Since the Second World War that a German wearing any kind of military uniform had been allowed into the country. It seemed the final symbol of the now fully normalized relations with Germany, ending what was such a sensitive issue owing to the German invasion violating Norwegian neutrality during the war.

Otherwise, relations with Europe, especially Britain, continue to be close with no more than the expected problems to be sorted out over fishing zones. It was at the southern limits of the Norwegian 200-mile offshore zone a few weeks ago that Norway illustrated its determination to maintain its extended boundaries. British trawlers were ordered out after it was discovered the EEC quota allocation had been reached.

D.H.

The Atlantic I oil platform, built in Bergen, on its way to the North Sea. Oil and gas have greatly raised Norway's international credit rating.

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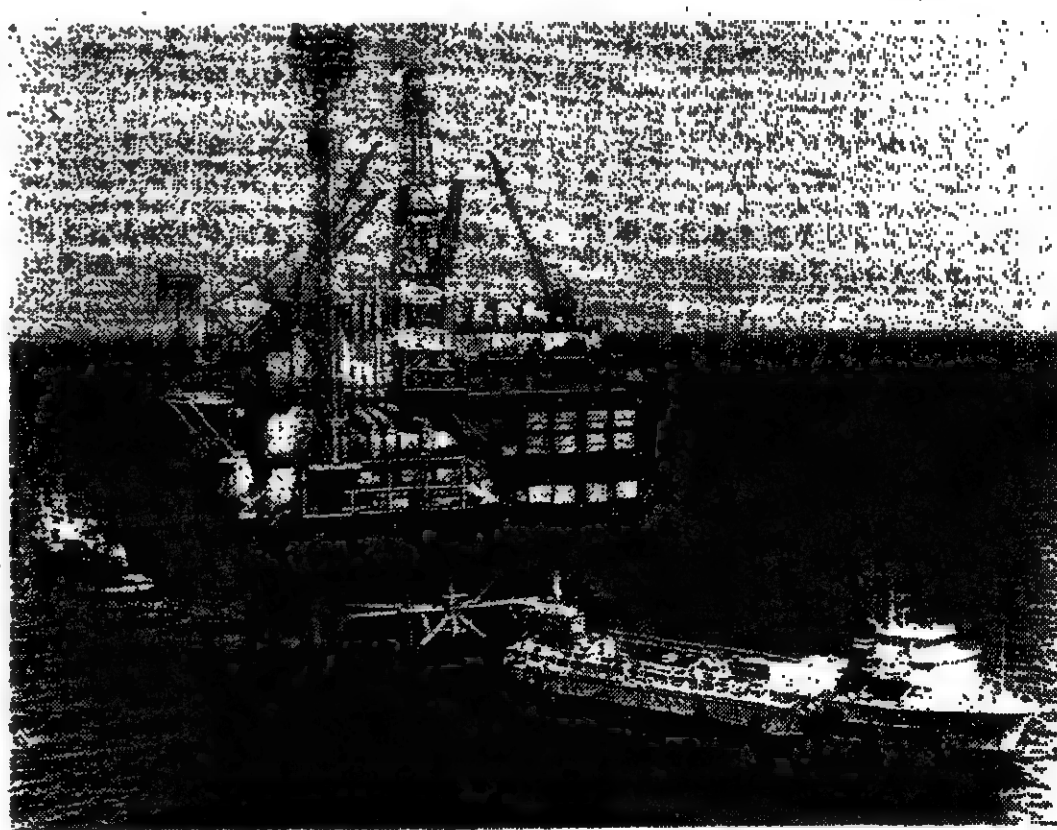
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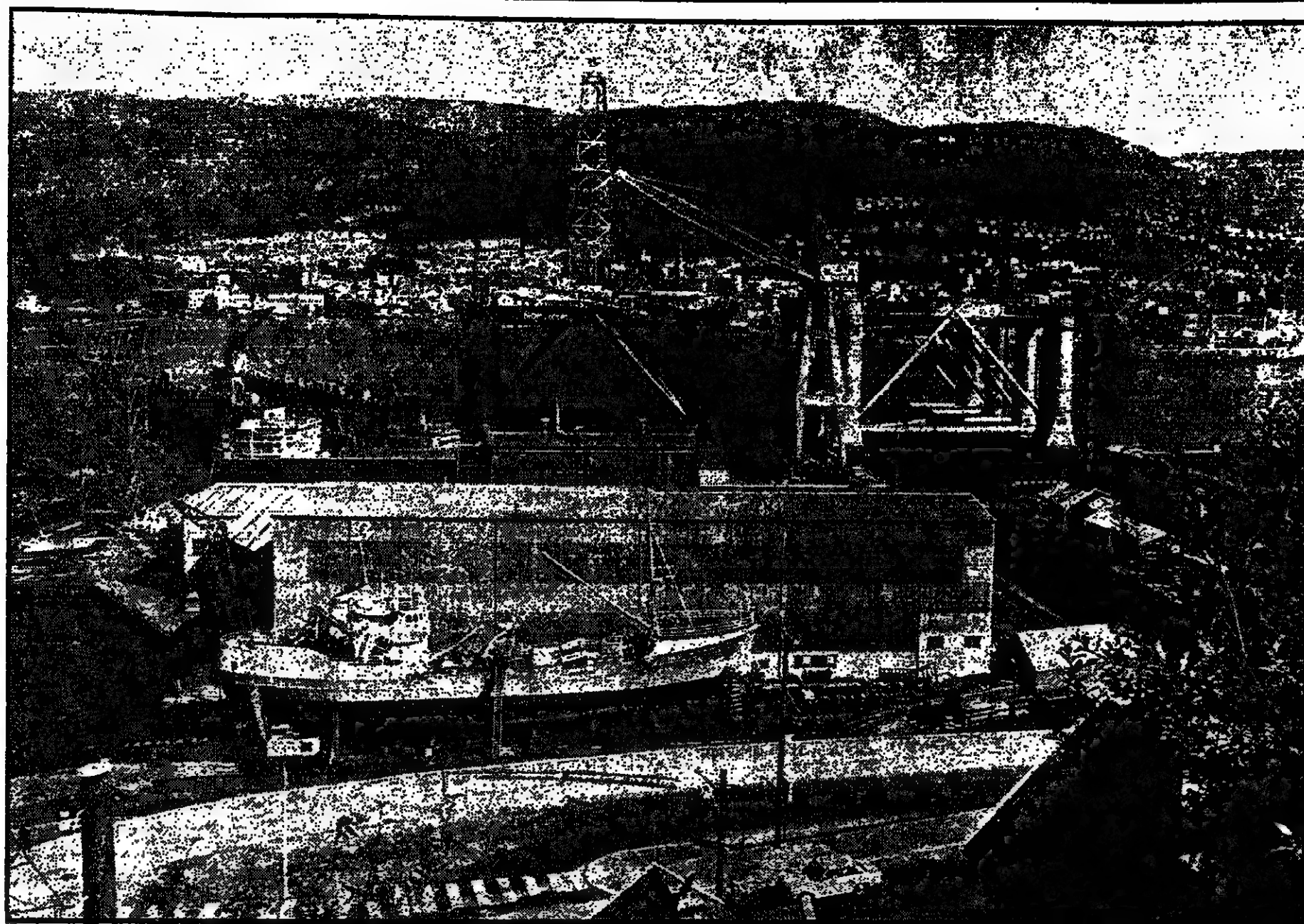
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An oil-drilling platform being fitted out at the BMV shipyard, Bergen.



A ship at anchor in the fiord beside the picturesque tiny church at Geiranger.

## Shipping grapples with crisis

by Peter Hill

More than five years ago as the oil industry and the rich independent tanker owners fell over themselves to find berths in shipyard for their orders for ever larger oil tankers, one of Norway's leading tanker operators, Sig Bergesen, ordered two massive 412,000 tons deadweight tankers in Japan.

At that time the pattern of steady growth in demand for oil and its transport-

ation looked set for many years ahead. But when the events of the following year were assimilated—the steep rise in the price of crude oil, the embargoes initiated by the Arab members of the Organisation of Petroleum Exporting Countries—the oil industry and the ship-owners joined in an even more hectic rush to cancel more contracts. The shipping world is still grappling with the problems which emerged in the wake of the 1973 Middle East war—massive shipbuilding overcapacity, huge surpluses of

tankers and uneconomic freight rates. But one man had read the market (or backed his instincts) more accurately than most of his competitors—Mr Sig Bergesen. Months before the war Bergesen sold the two tanker contracts held by Mitsui in Japan and collected an estimated profit of \$40m on the transaction. It was a quite amazing coup but typical of the Norwegian shipping fraternity's skill. Owners, of course, have not been so fortunate and the crisis has claimed more than a fair share of Nor-

wegian casualties. But Mr Bergesen and others have survived and now at 83 he has surprised the shipping world—again earlier this year when he ordered two 320,000 ton tankers from Mitsui and that, at a time when the tanker shipping industry was (and for that matter still is) predicting a surplus for several years ahead.

Companies continue to succumb to the overwhelming pressures. One of Norway's oldest established shipping companies, Fearnley and Eger has in the past few weeks managed to surmount a serious financial crisis with total liabilities of 1,300m kroner with the help of its major creditors. The alternative was liquidation or bankruptcy.

The tanker crisis has bitten hard and deep into Norway's shipping establishment. At the beginning of August this year against the background of the continuing depression in freight markets, 322 tankers amounting to more than 31 million tons were laid up by their owners around the world. More than one fifth of the idle tankers, amounting to 8,200,000 tons, were owned by Norwegian companies.

Small wonder then that the Norwegian independent tanker owners have been the prime movers in attempts by Intervanko, the Association of Independent Tanker Owners and by the International Maritime Industry Forum, to attempt to bring about some order out of the chaos. More failures are expected and more rescue bids will be inevitable, unless there is a significant improvement in world trade soon which will soak up some of the surplus tonnage now lying idle, more owners will find themselves under pressure from creditors.

### Gross earnings will rise slightly this year

The impact of the world recession on the Norwegian shipping industry can be gauged from the latest forecasts of the Norwegian Central Bureau of Statistics. This year the shipping industry is expected to generate gross earnings of 17,400m kroner—a slight rise on last year—with net freight earnings also slightly up on 1976 at 8,720m kroner. But the industry's overall current account surplus this year is expected to fall to 1,970m kroner compared with 2,248m kroner the previous year and a peak of 9,355m kroner in 1974.

But, apart from the tanker sector, 93 per cent of the Norwegian fleet is still in service and the industry has been encouraged by the Government's clear and firm commitment to maintain and develop a strong shipping industry. But industry leaders remain concerned on a number of issues which could undermine the industry's future, not least their government's restrictive attitude towards Norwegian shipping activities under foreign flags by participation in international joint ventures, coupled with worries about protectionist shipping policies being deployed by both developed and developing countries and the growth of Eastern block shipping.

The tightly knit and highly secretive Norwegian shipping community has shown its resilience in the past and with a modern and efficient fleet to be deployed will undoubtedly return to better times but overlooking all other considerations is concern at the effects of government policies worldwide in relation to the problems of the shipping industry. Norway's shipowners have no doubt at all that the attempts by the international shipping industry to bring about a

greater balance in the market are being jeopardized by government aid policies for shipbuilding.

Mr Charles Bergesen, president of the Norwegian Shipowners' Association is unequivocal on this central issue: "Norway must develop—and induce other countries to pursue—a shipbuilding policy whose main objective is to reduce the over-capacity in shipbuilding. Support should be given to other activities and aid should be given to a scrapping programme which can regenerate the market for new vessel contracts."

But the Norwegian Government has been in the forefront of providing succour to the 54,000 workers in the country's shipbuilding industry—and its policies have come under attack from other shipbuilding nations. Its policies have been dictated by social and political expediency, since, as in many other shipbuilding nations, employment in shipbuilding tends to be in areas of already high unemployment or in communities where there is little alternative employment.

A variety of measures has been introduced to assist the industry. They include an easing of credit terms so that Norwegian owners ordering ships in Norwegian yards are able to obtain credit to 80 per cent of the contract price repayable over 12 years and to compensate for the gap between Norwegian and foreign yard prices an owner is able to deduct up to 25 per cent of contract price from his taxable income without reducing normal depreciation allowances.

The Government has introduced a restructuring and employment loan fund for the shipbuilding industry to provide "soft" loans to facilitate the conversion of yards to other activities. Measures have also been introduced to advance orders for government-owned vessels but the most controversial element of the Norwegian shipbuilding aid package has been its campaign to attract orders from developing countries.

Under this scheme support is given in the form of reduced interest rates and grace periods on long-term financing, and the discounted grant element constitutes a genuine aid element of at least 25 per cent. Through this method the Government remains within the shipbuilding export credit guidelines laid down by the Organisation for Economic Cooperation and Development.

It has been successful. Since the scheme was introduced orders worth about 2,000m kroner have been secured from developing countries and, despite scepticism and suspicions expressed by rivals, the Government steadfastly maintains that on none of these transactions have the OECD guidelines been contravened. So successful has the shipbuilding aid package been that between the end of June and the end of September the Norwegian shipbuilding industry increased the size of its order book from 858,040 tons to 1,024,980 tons and was one of only five nations to increase their order books in that time against the general trend of continued reductions.

The author is Industrial Correspondent, The Times.

by Ronald Pullen

The reelection of the Labour-Socialist coalition last September finally dashed any hopes the Norwegian banking system may have harboured that it would manage to escape at the eleventh hour government legislation to "democratize" the banks.

With the proposals due to take effect from January 1 the only issue left to be settled is the position of existing shareholders in the commercial banks. Investors who are unhappy with this further encroachment of state power will be entitled under the existing proposals to sell their holdings to the state either at market prices next January or at the average price of the shares over the past three years, whichever is the higher.

This formula has aroused a good deal of opposition. There has been general concern that the democratization plans would so accentuate the weakness in bank shares that it would almost amount to back-door nationalization. More particularly, the compensation terms have been reckoned unacceptable on the ground that bank shares have been under something of a cloud ever since the royal commission to review the banking system was set up more than three years ago, even though it gave the banks a reasonably clear bill of health.

Commercial bank shares last handsomely outperformed the rest of the market in 1975, when the Bank of Norway markedly eased its stance on credit control. But this year shares have drifted lower despite easier credit conditions, more optimistic noises in bank annual reports and dividend

One alternative that has been mooted has been that compensation should be based on net asset value. The dispute has moved into the high courts so it is likely that it will be some time before shareholders finally know one way or another what they can expect to receive.

As it is, bankers seem to be taking a more relaxed attitude towards the Government's legislation to place more state appointees on the board of representatives, the body responsible for appointing the bank's executive directors.

### Trends towards a more socially responsible attitude

For one thing, the last couple of years has seen a marked movement in the trends towards a more socially responsible attitude on behalf of the whole of Norwegian industry with no obvious deleterious effects. For another, there has been some reassurance as a result of the Government's acceptance that public appointees should reflect political representation in the Storting and there are still a number of constituencies without Socialist majorities.

While the underlying philosophy of the Government's democratization plans is to shift the commercial banks' priority away from the interests of shareholders and more towards the requirements of the whole country, few bankers expect there to be any really significant alterations in lending policy as a result of changes in the make-up of boards of representatives.

Meanwhile, in an economy that has by and large managed to ride the storms of the world recession, greater attention has had to be paid this year to the mushrooming government borrowing

requirement and the sharp rise in personal consumption, which in turn has meant a high priority being given to credit control policy.

So far this year it has proved difficult to confine credit expansion of the commercial and savings banks within the stated budgetary limits. In part this has been due to a sharp increase in lending by the State banks and this has reactivated a growing complaint in the private banking sector that they are having to bear too much of the strain of the Government's credit control policy, especially as it already works as a disadvantage to the state banks which can lead more cheaply to important sectors of the economy.

Despite a 1 per cent tightening of the primary reserve requirement in January this year, bank liquidity was fairly easy early on, although it then started to tighten up after Bank of Norway sales of foreign exchange. But in general the banks were little constrained in their lending until the credit policy measures last May.

Those measures proved an over-corrective and, to ease liquidity, seven commercial and four savings banks were allowed to increase their borrowings from the central bank. The resulting surge in lending, especially by the commercial banks, forced the Government to increase again the primary reserve requirement of commercial banks from 6½ to 8 per cent and the savings banks from 5½ to 6 per cent in July, as well as increasing the penalty rate of interest for banks that failed to match those reserve requirements.

Earlier this month there came a further tightening of the monetary screws when

The author is Banking Correspondent, The Times.

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Liabilities	Assets
Capital 150	Cash & Banks 539
Reserves 75	Investments 1,083
Deposits & C. 3,580	Loans & Disc. 2,221
Other liabilities 222	Other Assets 184
Total 4,027	Total 4,027

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## North Sea riches regarded as a mixed blessing

by Rolf Gooderham

The Ekofisk Bravo blow-out last April still has a sobering influence on Norway's offshore oil debates, in which operational safety is now a dominant issue. Difficulties encountered in the recovery programme have led many Norwegians to believe that their North Sea riches are a mixed blessing. Opinion polls show that a bare majority of the population now favours today's steady modest development tempo on the continental shelf.

Supporters of continued oil activity have been quick to point out that the April blow-out—the North Sea's first uncontrolled oil spill—apparently caused little pollution damage. But Norway's environment-conscious public was shocked both by the disaster itself and the serious gaps in organization and equipment exposed during the capping and clean-up operations.

An official inquiry report, due for parliamentary debate soon, places the blame squarely on Ekofisk operator Phillips Petroleum (which has done nothing for the already poor image of the foreign oil company) and the supervisory petroleum directorate. Matters have not been helped by another potentially serious mishap on Ekofisk last autumn, which prompted tough new drilling regulations. Companies can expect more of these costly directives.

The Bravo affair produced a hiccup in official

offshore development plans. A controversial proposal to begin drilling off Norway's fish-rich northern coasts next year has been abandoned, to the satisfaction of environmentalists and fishermen who claim that these waters are too deep and dangerous for present techniques.

This step was bad news to Norway's hard-pressed offshore supplies industry, which has been looking for new orders from oil to replace other markets hit by recession and rising costs. About 34 per cent of the domestic market today is for offshore oil. Industry would like to see this share increased and wants the development tempo increased to stimulate business.

The Government is due to re-present proposals for allocating 16 blocks, dropped after the Bravo disaster. Apart from boosting industry, this concession is meant to ensure a steady flow of hydrocarbons through the 1980s. The Government is likely to keep the pace cautious, though.

Of the parliamentary parties, only the Conservatives support the idea of more concessions now. But they and the Government disagree violently over the latter's proposal to award one of the most promising North Sea blocks exclusively to the state oil company Statil.

Always regarded as something of a monster by the non-Socialist opposition, Statil has had its leading role in Norwegian oil activities confirmed by Labour's

narrow win in the September election. For instance, foreign companies can expect a stake in new blocks only if they contribute to the state firm's own development.

Earlier fears that offshore activity would put too great a strain on the economic and social fabric of this small nation have receded for the moment. Oil-related employment, for example, has risen wherever near the levels once predicted—reaching at its peak a mere 22,000—while oil revenues, far from being a threat, have proved a godsend to government policy of spending Norway out of her current recession.

So far 13,000m kroner (£1,300m) in potential oil revenues has been taken in advance, via foreign loans, to finance such counter-cyclical policies. However, since total government revenue from oil by 1985 is put at a massive 150,000 kroner, the nation requires credit-worthy with international lenders.

But no real decisions have yet been made on how to use the oil surpluses when they eventually begin to materialize. Another problem still being ducked is how best to aid manufacturing industry, where wages are now the world's highest, thanks to oil money subsidies.

Field development has had its problems, too. Accidents like that on Ekofisk, delays in commissioning, and cost escalation have boosted Norway's foreign debt, postponed the points at which a balance of payments surplus and peak

production will be achieved, and cut 1977 output from an estimated 27 million tons of oil equivalent to only 17 million tons.

The worst problems today are on Statfjord, where all control over development costs appears to have been lost. This giant field is expected to absorb 35,000m kroner before delayed production begins in 1980—but nobody believes this to be the final estimate.

But the Norwegians have plenty to be cheerful about, too. Four fields—Ekofisk, Frigg, Statfjord and the Vekshol-Rod complex—are either in production or under development. By the early 1980s, their annual output should be altogether about 67 million tons of oil equivalent—roughly seven times Norway's present domestic needs.

Again, the petrochemical complex at Bævre in south-eastern Norway has begun production, and industry can look forward to extensive repairs and maintenance assignments in the future. Marine oil recovery systems form another promising market in the wake of Bravo.

Total proved recoverable reserves from Norway's shelf are set at 680 million tons of oil, about 710,000 million cu metres of natural gas and 20 million tons of petrol and liquids—altogether 1,400 million tons of oil equivalent. The country estimates are about 300 million tons higher. A further 2,000 million tons or so are expected to be found in structures not yet drilled south of the 62nd Parallel.

Maximum production could be achieved in 1986-87 at a level of about 75 million tons of oil equivalent. This compares with the present ceiling on Norwegian oil production of 90 million tons set by Parliament in 1974.

In some respects, the slower rate of development and lower peak are welcomed because oil supplies could last longer this way. This attitude hardly suits the other West European countries, who have hinted that a higher output would be welcome. But Norway's prickly nationalism demands full control over resources and takes unkindly to suggestions of outside interference.

Norway's own consumption is about eight million to nine million tons of oil equivalent. One suggested use of the hefty hydrocarbon surplus this leaves is the production of electricity for domestic consumption, and plans are already afoot for the country's first oil-fired power station to meet an energy gap expected after 1979-80.

Plentiful supplies of hydroelectric power have given Norway the world's highest per capita electricity consumption. But the limits to this "white coal" are now in sight, thanks not least to inefficient power use as a result of its low price. Remaining hydroelectric resources will become increasingly costly to develop at a time when conservationists are making strong objections to the loss of more of Norway's scenic rivers.

This problem can be tackled in two ways: a cutback in extravagant energy consumption or the building of power stations fuelled by oil, gas or nuclear energy.

The nuclear alternative is highly unpopular in a country raised on horror tales of the bomb and a genuine concern for the natural environment. Equally, economists reject as highly inefficient the use of oil and gas to produce power.

Some attention is being paid to unconventional power sources. Solar energy is thought to have little potential in a land so far to the north, but Norwegian scientists have produced plans for a wave-powered generator.

Unless these government moves to save power have a really significant effect, or some kind of decision can be reached on thermal power production, Norway may soon be faced with the paradox of floating in a sea of oil with rationed electricity.

The author is UK Correspondent of the Norwegian oil journal *Northern Offshore*.

## Exports pay for high living standards

by Derry Hogue

The price of maintaining a small yet rich country means having one of the world's highest costs of production. There would be little point competing for exports with countries of low wage rates or against giant nations which can offer economies of scale.

So to maintain a cheerful circle of growing exports paying for such a high standard of living, the Norwegians are looking at least 10 years ahead.

It is next year that oil and gas exports will begin bringing in such large export revenue (£2,000m) that there will be an overall increase of 6.8 per cent in Norway's G.N.P.

It is also going to be the year when the price of aluminium—the country's biggest single export commodity outside its offshore oil and gas—also rises dramatically.

However, such export health in these areas is causing concern to the ever cautious Norwegians about pricing themselves out of their traditional export markets. Some of these drilling platform building, old-established industries, specialized oil and gas rig

service equipment and new delivery techniques.

Norway's three biggest export markets are Britain (29.5 per cent), Sweden (14.2 per cent) and West Germany (9.5 per cent) while the whole of western Europe takes 83 per cent, leaving a stable 3 per cent of goods taken by East Europe and 7.5 per cent to the United States, with the remaining 6 per cent spread over the rest of the world.

Before the oil and gas finds there was already a superabundance of energy which had come from the huge hydroelectric power stations built since the beginning of the century in the mountains and fjords. It has been generating the world's highest per capita consumption of electricity into a variety of metal-based industries, providing a solid export base before the new oil boom.

The message clearly stated by business and industrial leaders is the need to offer such highly specialized products for export that Norway's high labour costs will become largely irrelevant.

Mr Gunnar Rogstad, the managing director of the Norwegian Export Council, agrees that Norway has already reached its competitive cost level in traditional industries and these areas

outside oil, gas and aluminium have to shift for the first time in 30 years.

As with nearly all national questions the differences between interest groups and political parties seem more to be on the means and methods rather than the aim.

In exports this difference is seen in how fast new skills should be acquired to develop new growth.

The Government, with a policy of maintaining full employment, is heavily subsidizing traditional industries with £2,500m this year being spent on subsidies to the shipping industry alone.

This is particularly sensitive to an economy where exports, before oil and gas arrived, had built up to represent 50 per cent of its wealth and where the metals industries (last year worth £275m in exports) had taken 40 per cent of revenue.

The aluminium industry has benefited particularly from the cheap energy. It is also going to benefit further from the world's present oil shortage as this becomes a traditional supplier of aluminium components to make lighter, and therefore less petrol consuming, cars. And Norway is the minimum to the neighbouring Swedish car industry.

Norway is also the biggest supplier of primary aluminium to Europe. But while there is little prospect of this position changing, the industry is going to have to level out its production (in tonnage, if not price) because of some recent domestic developments.

The most important has been the limit of water power. This was emphasized by an unusually dry summer this year which caused Norway to import electricity from Swedish nuclear stations, something unimaginable even 18 months ago.

Although an equally unusual mid and wet autumn has replenished the dams, the Government is now having to look to future alternative energy sources.

So strong is the environmental view in politics that few, if any more hydro stations will be built. The aluminium industry is as a result investing heavily in ways of reducing the amount of energy it uses and yet hopes to increase production to maintain its export position.

The industry, which employs 30,000 people and accounts for 8 per cent of the workforce, will easily manage this because the 23 per cent world price rise last year not only reflected a recovery from a bad year in 1975 but points to the problems of countries outside Norway in meeting higher energy costs.

It is also a good example of the Norwegian metal industry in general diversifying more into technology and out of basic resources.

The biggest aluminium company, the Ardal og Sunndal Verk ASV, which employs 7,300 people, now has half its workforce engaged in manufacture, and this trend into finished products will continue.

The budget estimates last spring had predicted a 13 per cent growth in traditional export earnings from a 6 per cent growth in volume and an average price increase of 7 per cent.

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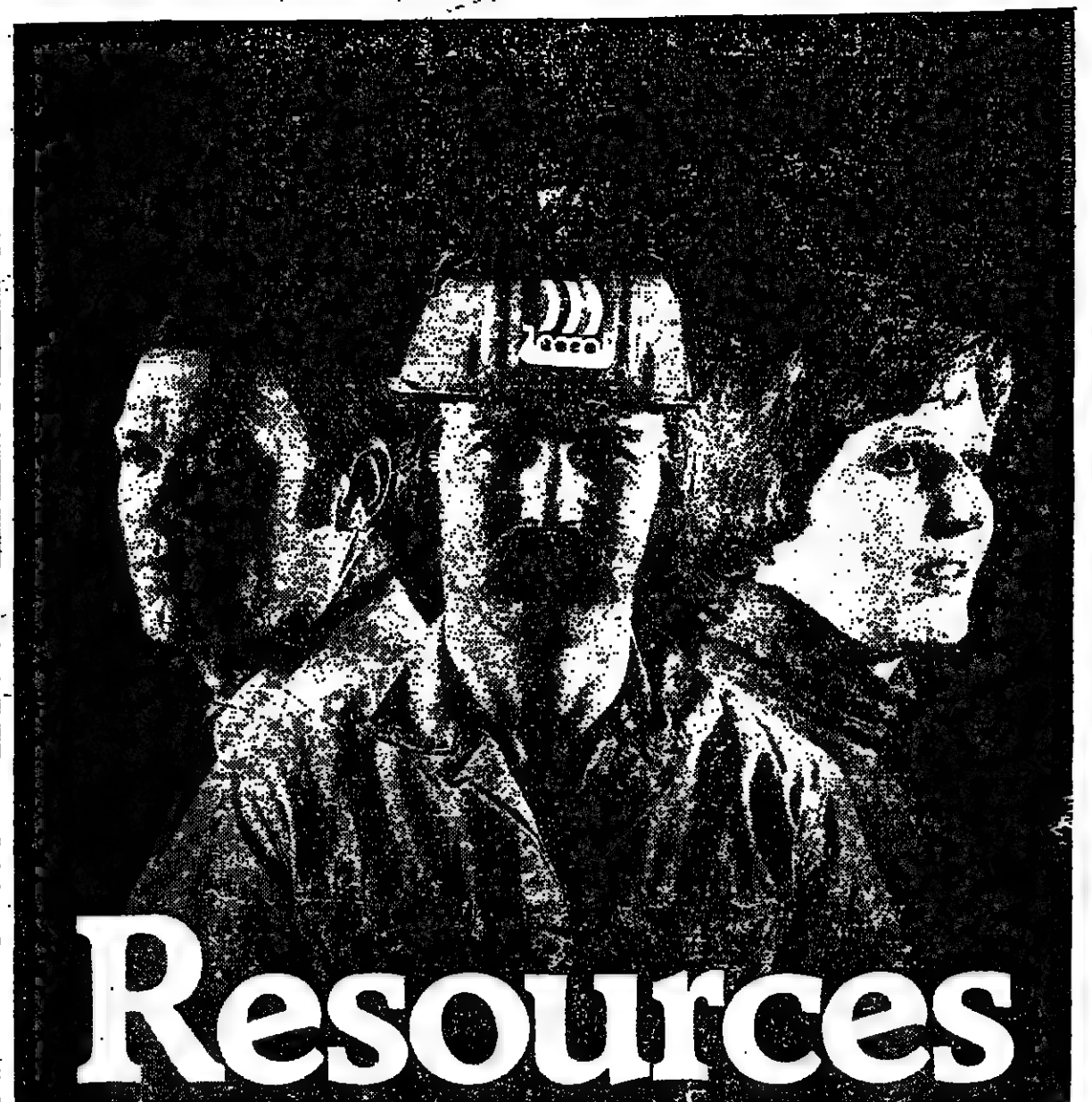
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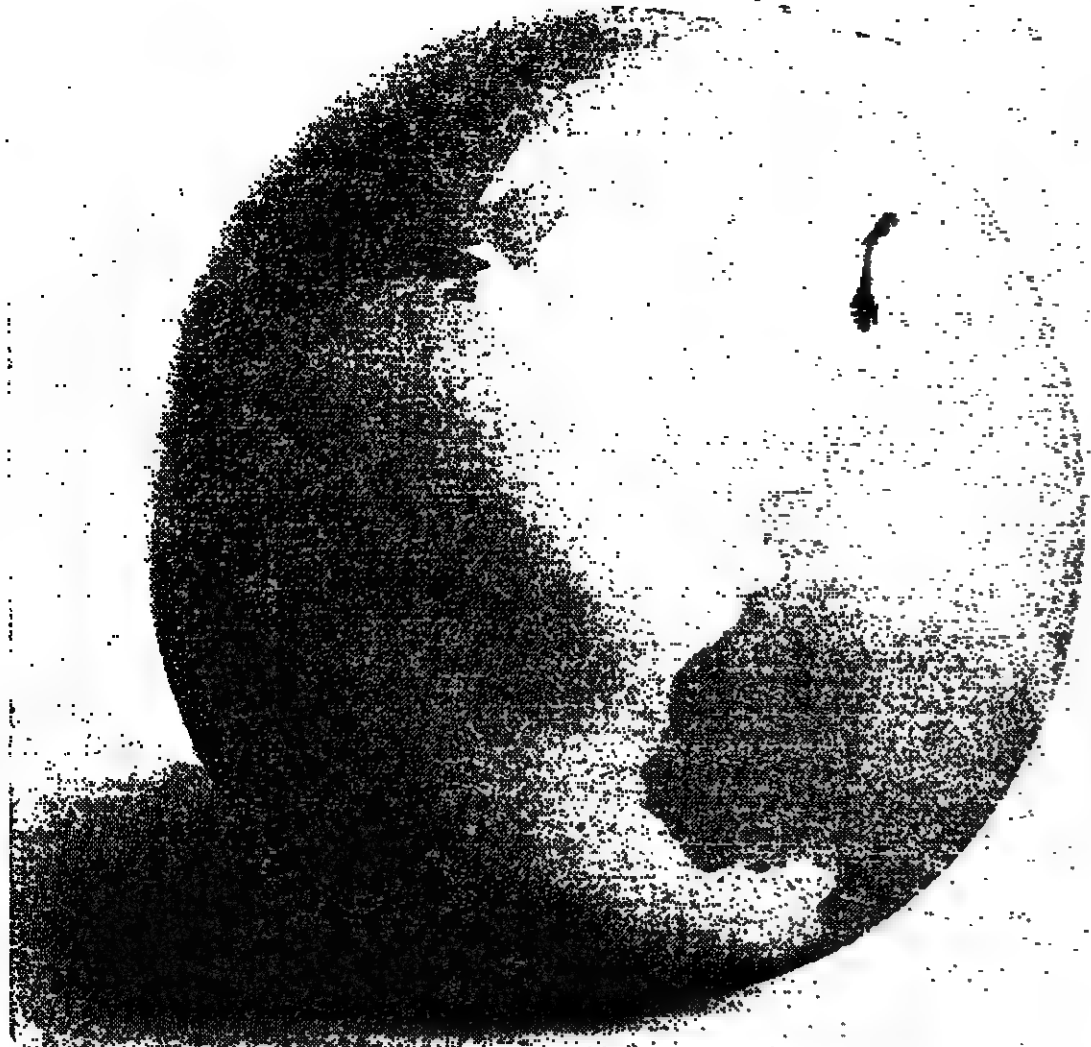
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For further information about the ES Group, please contact Elkem-Spigerverket, Information Department, P.O. Box 5430, Oslo 3, Norway.



Elkem-Spigerverket a/s

by Derry Hogue

It only took the recent events at Grunwick to remind Norwegians of the startling gulf between themselves and the British when it comes to industrial relations.

To the Norwegian mind, British labour-management negotiations must appear a murky tribal conflict, with a social unease that just does not occur in their own dealings.

The vast oil and gas wealth has not only buffered Norwegians against unemployment but has taken

their average wage to 35 kroner an hour over a 40-hour week—£140 a week—and enables the lowest paid workers to take home between £80 and £100 a week.

But even if the oil and gas had not been found, it seems unthinkable that any likely unemployment would have created the divisions seen on a British scale. On that, both management and labour representatives in Norway agree.

There is just too much of a tradition of compromise. Although there has always been a great deal of disagreement, in principle, there has also been a strong

underlying sense of nationalism which has helped to keep relations calmer than in many countries.

For example, both union and business leaders are broadly agreed that in their next round of negotiations, scheduled for March, there should be no increase in the real income of most workers. The disagreement will arise in the details of how much the lowest paid employees' incomes should rise and how much, if at all, the real incomes of the highest paid workers should fall to compensate in the national economy.

The talks must be seen against a history of far greater social egalitarianism than in Britain, with national identity heightened, first, by the movement towards full independence from Sweden in 1905, and again increased among Norway's small population during the German invasion of the Second World War.

The Norwegian Federation of Labour Unions (the equivalent of the TUC) will be pressing for a minimum wage of about 30 kroner an hour (£120 a week) further to narrow the spread of wages. Overall they will argue there to maintain real income for the rest of the workforce will mean an 8 per cent increase in pay packets to match inflation and other economic movements.

The Employers' Confederation will be saying that any increase among the lower paid sector will then cause demands among the better paid workers for higher wages to maintain their margins.

But it seems that any resultant wage drift will ease next year because of the recognition among the unions of the difficulty faced in some already heavy-

ly subsidized traditional industries.

Also, while the British employee has seen real income decline in the past four years, his Norwegian counterparts have enjoyed a 20 per cent real growth. Unemployment is negligible (0.7 per cent).

Mr Tor Halvorsen, the chairman of the Labour Federation, in an interview with *The Times* earlier this month said: "It may sound strange coming from a trade unionist, but our aim is to stabilize wages. We must maintain these wages but we also need strong industries and balanced development and must use economic surplus to develop varied and strengthened industries to maintain full employment in the future."

The new principle to emerge from our conference in May was that although full employment remained the number one objective, our living standards must be increased more through the quality of life—longer holidays, shorter working hours and preserving the natural environment."

At present there are four weeks' annual holidays, five weeks for people aged more than 60 years. The only disagreement from the employers' point of view is about the speed of achieving these changes. And there would appear to be little to ruffle the stability of relations in the next decade at least.

This stems from the sort of permanent social contract operating in Norwegian industrial relations where a basic agreement is negotiated each four years to establish the rights of unions and employers in principle. Each two years there is a contract drawn up to cover wages and conditions. Should a strike occur that comes outside the terms of these

agreements it is dealt with by a Labour Court set up in 1915. The question of shorter working hours will not be raised under the system until 1980.

From the trade unionist's view it is not just a case of solidarity through their own centralized version of the TUC which has accounted for their success in gaining high wages and a big say in decision making. It is more the advanced level of education among trade union members. At present there are 25,000 trade unionists studying specific industrial relations courses, equivalent to a million members in Britain doing the same.

Also, 70 per cent of the Norwegian workforce belongs to a trade union. Industrial and business leaders agree that the high degree of economic and industrial knowledge among employees has contributed much to day-to-day peace.

This, particularly applied to industrial democracy, a common feature of the Scandinavian countries, while employers look to a sense of company involvement found among the employees.

The 75 per cent state-owned ASV aluminium company, for example, has not known a strike in 30 years. Under the present system, this company, 25 per cent owned by the Canadian company Alcan, must, like all Norwegian companies, have a third of its board elected by employees and be trade unionists. So the ASV board comprises two members appointed by Alcan, six appointed by the state and four elected by the employees.

In addition within its various factories there are departmental committees whose elected representatives maintain a continuous discussion with management on daily work problems.

## Nationalism aids agreement between management and unions

by Derry Hogue

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For example, both union and business leaders are broadly agreed that in their next round of negotiations, scheduled for March, there should be no increase in the real income of most workers. The disagreement will arise in the details of how much the lowest paid employees' incomes should rise and how much, if at all, the real incomes of the highest paid workers should fall to compensate in the national economy.

The talks must be seen against a history of far greater social egalitarianism than in Britain, with national identity heightened, first, by the movement towards full independence from Sweden in 1905, and again increased among Norway's small population during the German invasion of the Second World War.

The Norwegian Federation of Labour Unions (the equivalent of the TUC) will be pressing for a minimum wage of about 30 kroner an hour (£120 a week) further to narrow the spread of wages. Overall they will argue there to maintain real income for the rest of the workforce will mean an 8 per cent increase in pay packets to match inflation and other economic movements.

The Employers' Confederation will be saying that any increase among the lower paid sector will then cause demands among the better paid workers for higher wages to maintain their margins.

But it seems that any resultant wage drift will ease next year because of the recognition among the unions of the difficulty faced in some already heavy-

ly subsidized traditional industries.

Also, while the British employee has seen real income decline in the past four years, his Norwegian counterparts have enjoyed a 20 per cent real growth. Unemployment is negligible (0.7 per cent).

Mr Tor Halvorsen, the chairman of the Labour Federation, in an interview with *The Times* earlier this month said: "It may sound strange coming from a trade unionist, but our aim is to stabilize wages. We must maintain these wages but we also need strong industries and balanced development and must use economic surplus to develop varied and strengthened industries to maintain full employment in the future."

The new principle to emerge from our conference in May was that although full employment remained the number one objective, our living standards must be increased more through the quality of life—longer holidays, shorter working hours and preserving the natural environment."

At present there are four weeks' annual holidays, five weeks for people aged more than 60 years. The only disagreement from the employers' point of view is about the speed of achieving these changes. And there would appear to be little to ruffle the stability of relations in the next decade at least.

This stems from the sort of permanent social contract operating in Norwegian industrial relations where a basic agreement is negotiated each four years to establish the rights of unions and employers in principle. Each two years there is a contract drawn up to cover wages and conditions. Should a strike occur that comes outside the terms of these

agreements it is dealt with by a Labour Court set up in 1915. The question of shorter working hours will not be raised under the system until 1980.

From the trade unionist's view it is not just a case of solidarity through their own centralized version of the TUC which has accounted for their success in gaining high wages and a big say in decision making. It is more the advanced level of education among trade union members. At present there are 25,000 trade unionists studying specific industrial relations courses, equivalent to a million members in Britain doing the same.

Also, 70 per cent of the Norwegian workforce belongs to a trade union. Industrial and business leaders agree that the high degree of economic and industrial knowledge among employees has contributed much to day-to-day peace.

This, particularly applied to industrial democracy, a common feature of the Scandinavian countries, while employers look to a sense of company involvement found among the employees.

The 75 per cent state-owned ASV aluminium company, for example, has not known a strike in 30 years. Under the present system, this company, 25 per cent owned by the Canadian company Alcan, must, like all Norwegian companies, have a third of its board elected by employees and be trade unionists. So the ASV board comprises two members appointed by Alcan, six appointed by the state and four elected by the employees.

In addition within its various factories there are departmental committees whose elected representatives maintain a continuous discussion with management on daily work problems.

## Society resists lure of fleshpots

The four branch lines of the Oslo Underground all end in forest outside the city. Throughout summer the trains are crowded with families headed for berry-picking beyond the city limits. In winter the same families are found travelling out to ski. The only noticeable difference from 10 years ago, when a sudden new affluence became apparent in Norway, is perhaps the expense of the skis and the quality of the skis.

Norwegians themselves say they have consumed at a great pace in keeping with the new-found wealth from offshore oil and gas discoveries. They point to refurbished and renovated housing, the buying of newer and more expensive cars, more expensive foreign holidays and a greater consumption of beef in a previously mainly fish diet.

However, to an outsider it would appear that Norway has altered very little, unlike so many societies that find themselves suddenly much richer.

A walk around Oslo will not antic the European or North American looking for night life; there are no seamy quarters. Instead, the city retains the charm of low-scale buildings, neatly maintained streets and parks and a feeling of clean and easy moving order that extends to well-scrubbed trains.

This feeling has remained, despite an upsurge in conservatism because the main love of Norwegians has itself not changed, that of taking themselves into the fjord and mountain country, well away from the main cities.

Literally, the whole population has access to a hut in the hills or by a lake. This long-held preference for rural sentiment has in no way given over to a desire for a show of urban worldliness. The only intrusion has been a growing self-awareness of the country's greater international recognition because of its increasing aid to Third World countries and the interest aroused by the offshore discoveries.

The outward sign of this has been the loss of an inferiority complex about the dominant role of Sweden in Scandinavia. Otherwise the Norwegians appear publicly a little prudish when put alongside the Danes and Swedes, although the Norwegians would counter that they also appear less affected in manner.

But perhaps the strongest enduring feature has been the importance of family life. Earlier this year a Cabinet minister failed to attend an important banquet for a visiting politician because of a previously arranged family gathering.

The Lutheran Church is the established state religion and it continues to permeate a lot of Norwegian thinking, especially the atti-

tude towards drinking. There is little public social drinking compared with in Britain and in some of the western areas of the country there is no drinking at all.

This helps to explain the politically acceptable high taxes on alcohol which mean for example that a gin and tonic in Oslo costs about £2.30 and that a half litre glass of lager costs £1.30.

The side effect, it was explained, is that at informal private gatherings there is never a drop of alcohol left at the end when drinkers are present. The high price of both fermented and spirituous liquor has led to a growing (and illegal) interest in potent home brews, often raw alcohol broken down with flavouring essences and water.

As in most Western societies there has been a falling in church attendances. However, nearly 80 per cent of marriages still take place within the church and it is still considered unusual, though no longer rare, if a baby is not baptised.

The crime rate remains one of the lowest in the world but it has seen a steady rise in the past seven years, especially in tax evasion.

At the beginning of this month a national television programme showed up some stereotyped racism among schoolchildren towards the 30,000 Pakistanis living in Norway. The programme forced Norwegians to recognize that their excellent reputation abroad for a liberal conscience was not entirely matched at home in race relations.

There has been no violence but, as one sociologist added, there is no unemployment. The official immigration policy has been tightened in recent years so that only families of immigrants already settled in Norway from outside the Nordic region can continue to arrive. All other people must apply for a work permit before being eligible for a resident's permit. Yet to be given a work permit requires having a resident's permit. This does not apply to Scandinavians who are part of a free labour market.

Of the many benefits of the former immigration though, an expansion in eating tastes has been the most noticeable. Norwegians now concede that for too long their diet was not unfairly characterized as boiled potatoes and fish. The greater affluence has seen Norwegians choosing a much greater variety of food but they still prefer to cook it at home rather than encourage a restaurant society. And being a small market they have so far mostly escaped the attention of the international fast food chains.

D.H.

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D.H.



Shepherds and their dogs follow the flock down the mountains. Most city-dwellers have a feeling for the countryside and have access to a hut in the hills or beside a lake as a rural retreat.

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## THE PAY OF THE FORCES

The unquestioning loyalty of the armed forces to the Government of the day and the policies which it pursues is something which Britain has long been able to take for granted. There is still no evidence to suggest that one might seriously doubt it. Discontent over pay and conditions is now, however, so comprehensive and so obsessive that the Government will have to consider during the next six months how far it can go towards relieving it. Otherwise the mutual trust and confidence which we have come to expect might be deeply eroded.

Until 1970 the serviceman was a kept servant. He lived free off the state but earned a relatively low income in addition. Under the military salary scheme, however, he is now paid at rates comparable with those of equivalent civilian trades, in return for which he has to pay back the state for his food and accommodation. What he should earn and how much he should pay back is assessed annually by the Armed Forces Pay Review Body whose recommendations have been accepted almost automatically by successive governments for the last seven years.

Until 1975 the forces were largely satisfied with their lot. Discontent has grown only during the last two years of Government pay restraint, and particularly since last April when a phase-2 increase was almost obliterated, and in some cases more than

obliterated, by a rise in food and accommodation charges.

Their experience has not been unique. Civilian pay awards during the same period have been outmatched by inflation and every sector of society has felt itself to be personally victimised. The services case however is that they have been victimised by "wage drift" which has allowed civilians to supplement their incomes by working overtime or enjoying the perquisites of an expensive account.

In consequence an average private soldier, grossing £51.55 a week, feels poorer than the job he is struggling to perform. Comparability is always difficult. Servicemen still receive free uniforms, or uniform allowances in the case of officers (though officers' complaints that these are usually inadequate, generous leave, in some cases travel allowances, and where applicable boarding school allowances for their children, although these by no means cover the whole costs and are subject to tax when the soldier is stationed in Britain. Similarly the rent for a married quarter is not unfair, but is not particularly attractive and is often more than the soldier would have to pay on an average mortgage if he bought his own property. Many soldiers do indeed now buy their own homes and leave their wives behind in the home town which is causing some concern.

The forces themselves have

assessed the loss of comparability at between 20 per cent and 25 per cent, and the Review Body itself has acknowledged that there has been a loss, without stating the extent of it. While direct comparisons are difficult, the services are certainly not among the better paid sectors of society now.

Dissatisfaction is partly psychological. Without a union or association to represent them, servicemen feel frustrated and forgotten. It would be a pity if they now felt encouraged to start such a professional body, despite Mr. Mulley's blessing. In the long term it would probably be counter-productive. It must be said that there seems to be no great enthusiasm for one anyway.

But their very lack of representation makes it important that the Government should listen to their case, and should be seen to be doing so. The forces themselves largely recognise the general need to abide by the 10 per cent guidelines when their next award is due in the spring. But they could be helped indirectly by, say, a decision not to raise food and accommodation charges again, and even perhaps to reduce them. There is considerable sympathy for the services now and such a decision would not be unpopular. Reconciling is buoyant but it will not always be so. If the Government loses the confidence of the services now, it might find it difficult to win it back again.

## THE LATEST EXAMPLE OF THE BRITISH DISEASE

Yesterday's decision by Swan Hunter's 1,700 ships' outfitters to continue their overtime ban is, to the casual observer, as inexplicable as it was unexpected. The possibility that this famous and much-respected name in shipbuilding might lose its share of the Polish order recently negotiated has become, in a matter of hours, a virtual certainty.

For many years now, outfitters have sought pay parity with those of the shipbuilding industry, the boilermakers. The current campaign, like many before it, is aimed at this target. The men's claim may, or may not, be justified; but both their local leaders, and their national officials, are clearly convinced that bigger things are at stake, and have urged them to resume normal working. The advice was sound. The outfitters' decision to ignore it was immediately followed by a statement from British Shipbuilders that the task of re-allocating the order would begin almost at once, and by a repetition of Swan Hunter's advice that if the work was irretrievably lost to the group, then redundancy notices would have to go out to over 700 men.

Measures of this kind are

serious enough. What is potentially catastrophic is the impact that this latest manifestation of the so-called "British disease" will have on overseas opinion. The world's shipbuilders are facing as acute a crisis as are their counterparts in international steel: in every major industrialized country, there are too many yards facing too few orders, with little immediate prospect of the situation improving. With the active, enthusiastic, and well-publicized assistance of Mr. Callaghan, British yards succeeded in winning the £15m Polish order for 22 ships and two crane barges in the face of strong opposition from their competitors in Japan and other countries. The methods used to secure the contract were, and will probably continue to be, strongly criticized on a number of counts.

It has been said, for example, that too much public money was taken up—£28m of the original £65m in the shipbuilding intervention fund—to keep the price of construction low enough to appeal to the Poles. Some have argued that the provision of 100 per cent credit was over generous to the point of foolishness; that the Poles may eventually use the

ships to compete with those of Western lines; that Britain is freeing Polish shipbuilding capacity that will be used to the benefit of Eastern block and developing countries; that failure to publish details of the fine print in the contract have aroused justifiable suspicions; and so on.

Many people will sympathize with some, if not all, of these criticisms. But it is fair to say that the amount of money that will have to be spent to complete the order for Poland will prove to have been wisely invested if it wins British shipbuilders enough time to put their yards in order, and thus to restore the industry to health and vigour. This can only happen if all those actively involved in shipbuilding—and indeed, those in the allied trades which serve it—work together. The outfitters at Swan Hunter may feel that they will not be among the 700 men made redundant, since there is abundant work for them. But they should ask themselves how much longer such work will be forthcoming from the world's shipbuilders in the face of such blatant self-interest and stupidity.

## AMNESTY IN YUGOSLAVIA

International opinion probably played some role in Yugoslavia's welcome decision to amnesty a substantial number of political prisoners. Belgrade is now under closer scrutiny than usual as host to the 35-nation conference reviewing the Helsinki agreement of 1975, in which human rights have a significant place. Nevertheless, the main reasons for the amnesty are likely to be internal. Yugoslavia is not as responsive to outside pressure as its neighbours to the east. Its interests are different. Whereas the Soviet Union and eastern Europe need the support of western public opinion for detente and must therefore take some account of its susceptibilities, Yugoslavia's main interest is to establish and demonstrate its independence from East and West. It tends to feel that if it makes a concession to western pressure it will have to balance this with a concession to Soviet pressure. Therefore, the best course is not to respond—or not to be seen to respond—to pressure from either side. Some types of western pressure, therefore, risk being counterproductive.

There are, however, pressures inside the country which are more difficult to ignore, but which are also more difficult to accommodate. Mr. Kardelj, the second man in the hierarchy, admits very frankly in his writings that the development of the political system is lagging behind

the social and economic progress of the country. It is a one-party system in which a great deal of power has devolved upon the organs of self-management and the existence of conflicting interests is fully acknowledged. The result is unique and confusing. Seen from eastern Europe Yugoslavia looks free almost to the point of anarchy. The pursuit of wealth is relatively unrestrained; western newspapers are only very occasionally seized; foreign travel is almost unrestricted (there are still a few regrettable exceptions); discussion is freer than in eastern Europe. Seen from the West the constraints on free speech and political activity can still look burdensome and sometimes unjust.

Within the country much the same balance is drawn. However, even critics of the system mostly doubt whether a multi-party system would work in a country so divided among different nationalities, some of which can still be moved by romantic feelings reminiscent of the nineteenth century. Political parties would quickly come to represent the interests of competing republics rather than alternative national policies or nation-wide interest groups. The problem, therefore, is how to continue the journey away from the dictatorship of a single party, which long ago proved too restrictive, without losing the benefits as well as the disadvantages of a central authority.

Mr. Kardelj, who admits a congeniality to the distinctive characteristics of human beings as contrasted with brutes. It is no weakness in the above argument that the contrast daily diminishes. I have the honour to be, Sir, your obedient manservant. NEIL HAMILTON, United Oxford and Cambridge University Club, 71 Pall Mall, SW1, November 24.

### Private health equipment

From Mr Alan S. Shrank. Sir, Your Science Editor states (November 24) "Most surprising is the fact that the only radiologists in the world to introduce this advanced equipment—the EMG scanner—into private practice are in Iran." No doubt this is due to the wealth generated by private practice in Iran, but I know that a

group of radiologists in Northern France wished to purchase a scanner for their private practice, but the French Government refused to grant an import licence.

The reason given was that until the state hospitals were able to afford scanners, the facility should not be available in private practice. In this country the Health Services Board has the power to control development in private hospitals where this might prejudice the service in NHS hospitals, so the power exists here too. Since British radiologists are unlikely to have the funds to purchase a scanner any way, state control may never be exerted here. Yours faithfully, A. B. SHRANK, 20 Crescent Place, Town Walls, Shrewsbury, Shropshire, November 24.

## Discontent in the services over pay

From Mr Philip Goodhart, MP for Bromley and Beckenham (Conservative)

Sir, Lord Chalfont (November 28) is certainly right when he says that servicemen are victimised in their complaints about supplies and equipment. In the past three years the Government has firmly maintained that the bulk of successive defence cuts do not fall on weapons of the Forces, but it is not always easy to differentiate between the needs and the wants of the Forces. For example, is a tank transporter a want or a bit of a tank? It is not a fighting vehicle, but without adequate tank transporters our tanks cannot be deployed to the area in which they are expected to fight. On a recent visit to BAOR, I and my colleagues were told that many of our tank transporters were older than the servicemen who drive them. The cost of these vehicles has already reached 250,000 miles. If there are no more cars, these transporters are due to be replaced in the early 1980s.

Unlike Lord Chalfont, however, I found that most of my discussions with servicemen of all ranks in the past six months concentrated almost exclusively on questions of pay and pay allowances and charges. Apart from the fact that the pay-chasing power of the take home pay of many servicemen has declined by 25 per cent in the past two years, the form of the last report of the Review Body on Armed Forces Pay has provoked a storm of criticism. This document made it look as though those in authority had not spoken out vigorously on behalf of the men and women who are responsible for it. As your article by a "servicing officer" (November 24) pointed out:

"Most servicemen will be unaware of the struggles which have taken place so discreetly between their senior officers and government servants on the question of pay and allowances. Many servicemen believe, unfairly, that they have been let down. This feeling is indeed widespread and since April senior officers have become much more outspoken in their criticism of the decline in standards imposed by the Government. This must be a relief, otherwise many servicemen would have lost faith in senior officers as well as their political masters. Apart from insisting that the Armed Forces should be treated as a special case, the next request of the Review Body on Armed Forces Pay must make it plain that senior commanders and their staffs have complained vigorously and effectively. Meanwhile, note that more than half of the 15,000 million of the Jacker Battalion, which is now providing fire protection for my constituency, are on strike."

### Criminal legal aid

From Mr Hugh Montgomery Campbell. Sir, I should like to reply to the letters from the Chairman of the Bar Council and the Chairman of the Legal Committee of the Justice Clerks' Society (November 22 and 23).

I agree with Mr. McNeill that the control of criminal legal aid raises problems meriting public discussion. The problems are difficult to solve because justice and personal liberty are involved, but I do not agree that there are only "considerations of mere expediency" to be weighed on the other side of the scales. Public confidence is a very important factor and I suggest that whereas on the whole the public's confidence is given to the civil legal aid scheme, it is noticeably absent from the system administered by the criminal courts.

As regards Mr. Harris's letter it is correct that the Widgery committee carefully considered the proposal that the Law Society should administer criminal legal aid and rejected it. The views of the committee on this aspect are on page 20 of the report under the heading "Existing system not unduly criticised." In his comments to the Royal Commission I assume that the Lord Chief Justice has now changed his mind. Ten years have passed during which crime has undoubtedly been one of the biggest growth industries in the country.

### Newsreel objectivity

From Mr Donald Barrington-Hudson. Sir, I read with interest the review by your correspondent of *Before Hindsight* (November 18) with its portrayal of old film newsreel clips which give the impression that editorial policy was biased.

The first journalist (Morning Post) to be appointed on the staff of a newsreel, as News Editor, commentator, and script writer, in the 1930s of the largest circulating newsreel in the world I would like to be appointed on the staff of any time did I receive policy direction and was allowed to write my own commentary.

When I made on one occasion a sarcastic remark concerning Mussolini who after seeking two ministers had taken over their portfolios, the Italian Embassy complained that the circulation of *Evening News* or my commentary was not curtailed. In those pre-television days when the mass of people were only able to witness world events in action by film camera coverage of world events in a visit to a cinema, we were only able to present editions

of 15 minutes in length. We had to work under certain technical difficulties and restricted time.

The newsreels should have been half as long again, as I submit *Before Hindsight* should have been. It is my belief that one great service the free British newsreels did was to make millions of people think about national and international affairs when hitherto, even with the advent of the popular press, too many people were parochial in their outlook.

Indeed, television or radio commentator could deal in depth with the news but he could often give the first news of an important event projecting the actuality of the situation as it unfolded by first class cameramen and like his radio counterpart spotlight main events with the main points. The executives of the film newsreels owed a great deal to the cooperation of journalists in many parts of the world.

I am, yours faithfully, D. BARRINGTON-HUDSON, Forest Court, Englefield Green, Surrey.

### Human rights in Argentina

From the Argentine *Chargé d'Affaires*, a.i. Sir, The front page of your edition of November 23 carries the impressive headline "Vance list of 7,500 missing Argentines and announced that the Argentine Secretary of State is reported to have given the Argentine Government a list of 7,500 people said to have disappeared in Argentina or been arrested without legal process for political reasons." Furthermore, the allegations seem to be confirmed inside by a report from your correspondent in Buenos Aires under the heading "Argentina given list of thousands missing."

Today (November 29), *The Times* publishes a letter from Martin Enghel, Secretary General of Amnesty International, where the handling over of the list is again mentioned. On behalf of my Government, I wish to deny emphatically that such a list was ever presented to the Argentine authorities. The reports are completely false and may impair the good relations which prevailed in the talks on human rights and terrorism which took place between the Secretary of State's party and the Government of Argentina. Yours faithfully, RAFAEL M. GOWLAND, Chargé d'Affaires, a.i., Argentine Embassy, 9 Wilton Crescent, SW1.

### Preserving Burgh House

From Mr Frank Barton. Sir, Miss Joanna Richardson is mistaken when she writes, apropos of Burgh House, that Camden (who are wholly responsible for the building?) are obliged by law to preserve it. (The Times, November 23).

The now considerable volume of legislation relating to listed buildings places no obligation on anyone to maintain a listed building. What it does do is to empower government (notably local authorities) to oblige any owner of a listed building to do so. The only absolute obligation is the obligation (on all owners) to seek listed building consent before altering the character of a listed building, or before demolishing a listed building.

The framing of the listed building legislation can thus give rise to the anomalous situation in which a local authority is neglecting its own listed building responsibilities (not obligations) and at the same time obliging other owners to fulfil theirs—which is essentially the situation that Miss Richardson's letter is highlighting.

Indeed, the legislation cannot realistically decree that all listed buildings must be preserved, since there are now over a third of a million of them. The legislation is so framed that it is the public readiness to foot the bill which effectively determines the level of preservation. It is thus an elegantly self-regulating piece of legislation designed to see that the public gets what it wants. Yours faithfully, FRANK BARTON, 7 Orchard Street, Cambridge.

## Modernization of the Lord's Prayer

From Dr A. F. Foster-Carter. Sir, In his article against the modernization of the Lord's Prayer (November 26), Mr. Higham speaks for a very large number of Anglicans who are weary of the endless succession of changes in their familiar forms of worship. The liturgical experts are clearly out of touch with the person in the pew and the reasons they give for their alterations are unconvincing. The line must be drawn somewhere and as Higham rightly points out, the Lord's Prayer is the only one that most people still know; why alter the familiar wording?

If we are honest we have to admit that no one can be absolutely sure of the original meaning of a number of passages in the Gospels—including some of the sayings and actions attributed to Jesus himself. The clause in the Lord's Prayer—"Lead us not into temptation"—is a good example. In "Series 3", the experts give their interpretation of the words—"Do not bring us to the test"—but this is only one of at least four possible alternative meanings given by Dr. William Barclay in his book *The Plain Man Looks at the Lord's Prayer*, and he wisely concludes: "It may well be that in all our efforts at explanation we are allowing theological logic to rule, and to override the natural human reaction of the heart."

The plain man has always had to interpret these words for himself, in the light of his own understanding of the Gospel, and it does not matter if his reading of them is not exactly the same as that of his neighbour. The really important fact—which constantly escapes the experts—is that our words, ancient and modern, are words which have been used by our forebears and by generation after generation of Christian people in their search for God, and thus the words have become an integral part of our lives and of that great cloud of witnesses. If we break this link, we will impoverish not only ourselves but our successors.

Yours faithfully, A. F. FOSTER-CARTER, Merville Cottage, Verulam Road, Andover, Hampshire, November 28.

From Mrs Elizabeth Williams. Sir, Clearly Martin Higham does not often pray with small children. I, of course, and my husband, pray the Lord's Prayer should become as used and as readily used by my five-year-old son and my three-year-old daughter as it is to so many people. But each time we do try to say it together at bedtime, I am struck by how extraordinary it must seem to them (even in comparison to the much more easily understood prayers of St. Richard or St. Francis, for example).

The problem merely begins with "which art," "hallowed" and "trespasses"—all words or phrases not in general use and clearly a stumbling block to really feeling at

home with the prayer. The children cling to the one understandable section: "Give us this day our daily bread"—a small and possibly least important part of the prayer for us in the affluent West.

It is thus, certainly at this stage in their lives, of dubious spiritual value to them, and may not it continue to remain so if learnt parrot fashion, as is regrettably my own experience to some extent, having learnt it with very little initial understanding about 30 years ago? I am not denying the great difficulty in changing this universally known and central prayer, but I sympathize greatly with those who are brought about by liturgical changes. I do not myself want a change in the Lord's Prayer, but I do want it for my children, for their better understanding and earlier awakening to the strength of prayer.

Yours faithfully, ELIZABETH WILLIAMS, The Corner House, Lensebourne, Chipping Wampden, Gloucestershire, November 26.

From the Rev C. G. Wilson. Sir, Martin Higham seemed a little out of humour in his diatribe against the modernization of the Lord's Prayer, and it would seem, of any form of worship, to be impossible to judge new forms of worship until they have been used properly—that is, prayed, not experienced with. That is why nobody can judge the merits of any revision of wording so long as either they can continue to choose between seventeenth and twentieth century language or keep jumping from one to the other.

The modern form of the Lord's Prayer is simple and true. Once one uses it in order to pray and not merely to savour the language one finds, not surprisingly, that it remains exactly what it always has been, the Lord's Prayer. Furthermore, once one has become used to praying in one's own ordinary language it seems absolutely natural, and one then wishes that there could be a final break with the too long redundant practice of interposing seventeenth century language, however beautiful, between people and their prayers.

Yours faithfully, C. G. WILSON, 11 Darnley Terrace, 14 Darnley Avenue, Crewe, November 28.

From Mrs B. M. Willmott Dobbie. Sir, Some good news for Martin Higham: at Bath Abbey over of "Series Three" some kindly hand has posted the familiar Lord's Prayer. Yours faithfully, B. M. WILLMOTT DOBBIE, Garsell, Stewary Lane, Bath, November 27.

### Safeguarding the otter

From Mrs D. Raikes. Sir, Mr. Franklin's letter of November 26 puts the case clearly for adding the otter to the endangered species list. The Welsh Water Authority, having discussed the survival of the otter in many advisory committees throughout Wales, has decided to ban the killing and taking of otters, water and land associated with water in its ownership. This relates mainly, but not entirely, to reservoirs and some lakes, but in addition the Water Authority proposes to invite riparian owners in its area to follow suit if they so wish.

This policy necessitates the banning not only of shooting and trapping, but also of hunting, since even when no killing is intended, unintentional killing may occur, and in any case the inevitable disturbance may result in a decline in breeding. We have evidence of an increase in otter hunting in Wales over the last year and of a decline in 1976 and one probably in 1977. The response to this move by the Water Authority has been most encouraging. It is recognized that other factors, notably pollution, are perhaps greater threats to the otter than other Water Authorities, the W.W.A.

### Human rights in Argentina

From the Argentine *Chargé d'Affaires*, a.i. Sir, The front page of your edition of November 23 carries the impressive headline "Vance list of 7,500 missing Argentines and announced that the Argentine Secretary of State is reported to have given the Argentine Government a list of 7,500 people said to have disappeared in Argentina or been arrested without legal process for political reasons." Furthermore, the allegations seem to be confirmed inside by a report from your correspondent in Buenos Aires under the heading "Argentina given list of thousands missing."

Today (November 29), *The Times* publishes a letter from Martin Enghel, Secretary General of Amnesty International, where the handling over of the list is again mentioned. On behalf of my Government, I wish to deny emphatically that such a list was ever presented to the Argentine authorities. The reports are completely false and may impair the good relations which prevailed in the talks on human rights and terrorism which took place between the Secretary of State's party and the Government of Argentina. Yours faithfully, RAFAEL M. GOWLAND, Chargé d'Affaires, a.i., Argentine Embassy, 9 Wilton Crescent, SW1.

### Criticizing councils

From the Reverend A. L. Poulton. Sir, Many people will feel concerned at Lady Service's latest report about local councils in their capacity as Ombudsmen.

If the natural reaction of the local authority is to deny its shortcomings, it is surely intolerable that it should be allowed to do so with impunity.

...devoting very considerable resources to improving water quality. Every effort is being made to conserve wildlife in carrying out its duties of land drainage and of meeting the increasing demands of recreation and amenity. The W.W.A. is assisting a Nature Conservancy Council survey of the otter population in Wales with a grant and by obtaining information from anglers and fishermen.

The Department of the Environment proposal needs the support of both public and private owners and of all who are concerned with the survival of the otter in this country.

DOROTHEA RAIKES, Chorlton, Regional Fishing, Recreation and Amenity Advisory Committee of the Welsh Water Authority, 1 Cambrian Way, Bolton, November 28.

From Mr Ronald Davies. Sir, What do you have to say to the frustrated hunters of the native British otter from pursuing the foreign pest—coypu mad mink? Yours &c, RONALD DAVIES, Penn Grove Road, Hereford, November 28.

The only way to inject a higher moral note into local government is to ensure that councilors are held accountable for their actions. Surely the system should be changed if the Ombudsman's findings are in no way enforceable. Yours faithfully, A. L. POULTON, 121 Elm, Great Mollington, Chester, November 23.

### Fact or science fiction?

From Mr Michael Rubinstein. Sir, On Saturday evening, as you reported on Monday, November 28, a voice "purporting to be from outer space" was heard interrupting a Southern Television news programme. You report that the Independent Broadcasting Authority described this as a "hoax transmission" and that the first of its kind in Britain "and you quote it as saying: 'We do not know what the source of it was or how it got on the air'." How then can the IBA—or anyone else—be sure that the broadcast was a hoax? Yours faithfully, MICHAEL RUBINSTEIN, 4.5 and 6 Raymond Buildings, Gray's Inn, WC1.

### Welsh nicknames

From Dr J. D. Spillane. Sir, Good Trevor Fishlock (November 26), I am sure, would also like to doff his hat to the Welsh village sposter whose overpowered face earned her the nickname of Martha Self Raising. Yours faithfully, J. D. SPILLANE, Prescelly, Newport, Pembrokeshire, Dyfed,

### The gender of 'man'

From Mr Neil Hamilton. Sir, Patrick Brogan reports amusingly from Washington today (November 24) on the absurdities of the female attempt to castrate the ostensibly male words in the English language which embrace also the female sex in order to render our language hermaphrodite.

These personified personalities have, in fact, been caught with their trousers down! The origin of the word "man" does not lie in any antediluvian male supremacy. In all the Teutonic languages the word has the generic sense of "human being" as well as denoting the male gender. Further back the word emerges from the Indogermanic form: "man-," "mon-," meaning "to think". Therefore, the primary meaning of the word refers to the intelli-











Guest Column

## Holding back the Marxists

Lord Gladwyn, President of the European Movement and a member of the European Parliament from 1973 to 1976, contributes this week's guest column

Moscow denounces the "Euro-communists". Señor Carillo openly criticizes Moscow, as do, perhaps less vehemently, Monsieur Marchais and the Marquis Berlinguer. Does all this transform the Eurocommunists

from totalitarians into democrats? After all, if they reject the concept of the dictatorship of the proletariat, accept the necessity of resigning if defeated in elections, and in essence repudiate the whole philosophy of the Russian Bolsheviks as exemplified in the works and writings of Lenin and, more recently, in the (never repudiated) "Brezhnev Doctrine", as they say they do, what does distinguish them from Western European socialists?

Not much, if we believe Mr Eric Heffer (*The Times*, November 7), who, one must suppose, reflects the views of the Tribune Group, though it seems that his colleague Mr Alex Klison favours Moscow as against the Eurocommunists. Indeed Mr Heffer tells us that the policy of Carillo is virtually indistinguishable from the 1976 Labour manifesto. His suggestion, therefore, naturally is that, after suitable discussions, the Eurocommunists and the Socialist International should get together so that "at last Europe (can) democratically evolve as originally envisaged by Marx and Engels into a socialist society". The only thing that stands in the way of this happy development is apparently the unfortunate addition of the Eurocommunists to what is known as "democratic centralism", or "cadre-style organization", in other words, a concentration of power in the hands of a small, determined and devoted elite.

But that is the whole point. Even granted that the type of socialist society envisaged by the Tribunes and the Eurocommunists is very similar, or even identical, the fact is that it is the latter who intend, in the event of any merger or association with anybody, to be the all that will be the dog. The chances of such an operation succeeding in Italy are considerable: in France they are not very great at the moment. And unless the European socialists accept the principle of "democratic centralism"—and is the Tribune Group opposed to this?—it seems unlikely that Mr Heffer's merger will emerge, at any rate for the time being. For the real political dividing line is now between all those who genuinely want to have what is known as a "directed economy", "scientifically planned", and operated on what is believed to be Marxist (though they might equally well be fascist) lines, and those who still want to reform our existing free and pluralistic societies—rather absurdly described as "capitalist"—by democratically reforming the present industrial system so as to encourage such things as decentralization, regional development, individual liberty, and a rather fairer distribution of inherited wealth.

If the present recession persists and unemployment remains very high, or goes even higher, the success of the first tendency, which we might call "Eurotribunism", is certainly

not to be discounted. The British, it is true, will not want, when it comes to the point, to be based about by planners, however "scientific", or be subjected to "social engineering" based on a now discredited ideology, however attenuated. But they may have to if, for instance, they break with Europe and, for whatever reason, prefer to retreat into their nationalistic shell. Once again, and this time even more successfully, we may see the Tribune Group tail wagging the Labour Party dog.

To avoid such a calamity it will surely be necessary for all progressive and reasonable non-Marxists in all the main parties to come together in an effort to instil in the public mind a vision of the kind of Britain and the kind of Europe that will be an acceptable alternative to the Marxist paradise. And where can this be found other than in European democratic institutions and notably in the creation of a vigorous directly elected European Assembly capable of both mobilizing European public opinion and of checking any tendency towards bureaucracy in the Community machine. If the non-Marxists among our politicians had any sense they would now be concentrating their efforts to project such an image through the media and, by one means or another, to insist that the elections take place without any British imposed—and highly dangerous—delay.

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## What our schools need most is money

Schools in many areas are running desperately short of the basic roots of education. But in the Great Education Debate, nobody seems to have noticed. The crisis is worst in secondary schools. Last year maintained secondary schools spent £5.76 a head on books on average—20 per cent less, in real terms, than they spent in 1971-72. Recently *The Times Educational Supplement* sent reporters to 13 local education authorities to investigate the provision of books in secondary schools.

They found that younger pupils in secondary schools are being starved of books so that exam students can be provided with essential texts. Materials for practical subjects are being cut to the minimum.

Money for teaching materials comes from capitation allowances—so much is allocated per pupil each year. The amount varies enormously in different authorities: in 13 authorities this year, capitation for 11-15 year-olds ranged from £10.12 a head to £18.80.

In many areas the sum has to cover toilet paper and cleaning materials, postage, telephone bills and minor repairs, as well as books and teaching materials. In some authorities schools have up to 40 per cent less to spend on teaching materials than they had five years ago.

Inevitably, GCE, O and A-level students take the lion's share of the resources going. They need textbooks for private study. Every year, syllabus changes require new set texts and equipment. A new A-level physics course will cost a Birmingham grammar school £1,000 next year.

Comprehensives that have been successfully building up examination courses and sixth forms have particular difficulties. One comprehensive in Barnsley has 130 pupils taking O-level geography this year. Last year there were 30. The students need a minimum £10 worth of textbooks each—£10 to mention maps, and field trips. Capitation for 11-15 year-olds in Barnsley is £15.91 a head.

Even in practical subjects, exams take priority. GCE craft O-levels demand work in hardwood, one inch thick, costs 72p. Many craft departments in comprehensives have to run for a year on £1 per head.

So, lower down the school, textbooks have to be shared between two or even three pupils in class. One set must do for several teachers, and several classes. In practical subjects, children are asked to do fiddly exercises with scavenged materials, or even with pencils and paper.

In many subjects, lessons for younger children can be based on worksheets. Their quality is very variable—but producing even the nastiest worksheets takes up a great deal of teachers' time and energy.

Shared sets of books cannot be taken home, or given out on long loan. Homework has to come from worksheets, or dictated notes. So less homework gets done, and its quality deteriorates.

Good libraries can make up the deficiencies in teaching stocks. Schools in some authorities have excellent libraries, staffed by full-time qualified librarians and assistants. They are exceptional. In many places, the standard of school libraries is scandalously low.

Teacher-librarians are given as little as two periods a week to run libraries for schools with over 1,000 pupils. Their share of capitation can be less than 50p a head. There are school libraries with 3,000 books for 1,500 pupils. In many schools, libraries are used as classrooms for most of the day.

Some suburban schools are now raising five figure sums every year from parents. Increasingly the parents' contributions are going on basics, library and textbooks. But for schools in poor areas, it is a

major effort for parents to raise £200 a year. So social gaps are widening. The odd thing is that there has been so little protest, with spending cuts, and falling pupil numbers, teachers' first concern has been to preserve jobs. Many authorities have done deals with local teachers that held pupil-teacher ratios steady, at the expense of severe cuts in capitation.

If standards of educational provision are not to fall permanently in many areas, it is now urgent that politicians, teachers and the general public begin to take notice of the resources. In 1976-77—the latest year figure available—secondary pupil-teacher ratios were below 16:1 in 30 of the 104 education authorities. They were worse than 18:1 in only six.

But in many areas the deterioration in stocks of books and basic teaching materials is reaching crisis point. Teachers are having to produce materials on a scavenging, do-it-yourself, cut-price basis. In these circumstances, it is scarcely surprising that they fail to deliver the wide variety of high quality goods demanded in the Great Education Debate.

Virginia Makins

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## Anorexia nervosa: a disease of our times

Anorexia nervosa, a state of extreme self-maintained starvation in the presence of plenty of food, is emerging as a serious modern disease, most commonly among adolescent girls. The nature of disease in a society often reveals hidden aspects of its lifestyles and its struggles, and anorexia nervosa is no exception.

Self-imposed restriction of eating has an honourable history. In due proportion it reflects a proper sense of self-control and of the self. Taken to extremes, the ascetic has discovered and sometimes proclaimed its blunting effect on his other carnal needs and has sometimes seemed to achieve ecstasy through it. Now, anorexia nervosa is burgeoning in our own secular and materialistic society. It invites some initial questions. Why so common in females; why so much more common among the families of professional and managerial classes?

If a more general wish to lose weight is part of the background then it is evident that this is a female rather than a male preoccupation in our society. The majority of adolescent females wish to be less fat; clearly, not all of them are fat in an obese sense—it is the feminine fitness conferred by puberty which they are attempting to curb.

The full-blown anorectic has totally rejected this fitness, together with the biological and reproductive maturity that it heralds. To say that anorexia nervosa has arisen on this account is, apart from being teleological, an over-simplified view. It is substantial but it does not account for the condition in males; nor does it elaborate upon the intervening psychosocial variables—the maturational challenge to the person and to her family that has also characteristically underpinned the condition. It is perhaps fairer to say that dieting behaviour, for whatever reason, can become excessively rewarded by the reversal of pubertal processes which it induces in those individuals or families otherwise unable to cope with the tasks of adolescence.

It is also a lack of other less primitive ways of coping or adapting to the problems of growing up, rather than just the adolescent emotional maturational hiccup itself, which is the hallmark of anorexia nervosa. The strains of adolescence include the need for parents to reconsider their own lifestyles and adjustments. Potentially providing them with an opportunity for new growth, the challenge can sometimes be too great.

For example, institutions such as parental personality or the marriage itself may be threatened, and a closing of the parental ranks and rejection of the still unconforming adolescent follows. Anorexia nervosa ideally resolves such a conflict in the first instance.

Then again, some adolescents begin tentatively to explore their new life, highly sensitive about their appearance and attempting to optimise it, only to find their parents' marriage crumbling in their wake. Its survival was dependent upon them being a dependent child. Many of us survive such quicksands—the incipient anorectic does not—and the total regression and reversion to childhood inherent in anorexia nervosa resolves this conflict.

Perhaps in the past there were other institutions and systems: providing order and control, through which the adolescent could slowly graduate away from the family, for example through apprenticeship and the social rituals and courtship patterns which existed in traditional society.

With the breakdown of many of these and with the limits of what is socially permissible broadening rapidly, it takes a certain robustness of emergent personality and of family relationships to weather the storm, especially when, say, middle class parental values are at stake. The close-knit nature of working class families, their here and now interests, and their different level of expectations of adolescence, often with lifestyles in terms of work and marriage crystallizing out at an

earlier age, is probably protective in this respect.

Since anorexia nervosa is, to some extent, adaptive and not seen as alien by the person afflicted with it, often it is not brought to the doctor's attention, or else this only happens after several years of increasing physical disability. Since spontaneous recovery can also occur, it is not possible to say what proportion of afflicted people eventually recover. However, within these populations of people with the condition who eventually become medically involved, approximately 40 per cent will be recovered five years later, even with the minimal treatment possible. This figure can probably be increased to 60 per cent with sophisticated treatment. However, a substantial number remain ill, struggling along at weights as low as 45 to 51 stones, and death occurs in about 5 per cent of this sad, isolated group.

Many of them move on from a low weight control pattern of dieting to one of (secret) over-eating, vomiting and excessive purging—a complex behavioural and metabolic state which presents many a diagnostic puzzle to the doctor not party to the underlying psychological determinants. In order to prevent others from disrupting her delicate equilibrium the patient may deny concern about her weight and effectively conceal her continued manipulation of it with the same tenacity as an addict maintains his position. Meanwhile, her insistent preoccupations remain those concerned with maintenance of her low weight, and hence with dietetic matters.

The latter, of course, are also inevitably intrusive as a consequence of her starved state. She, even more than the majority of adolescent girls, will overestimate her body widths, insisting, though emaciated, that her body is normal in size or even large. Her starving state will sometimes also lead her into stealing and hoarding—behaviour often at variance with her obvious nature.

Although the disorder is now common (about one in every 100 girls aged 15 to 18 in the independent sector of education in the south of England has been found to have it, and it may be even more common among a slightly older age group), it has probably also been more prevalent than was previously thought in earlier decades. Now better recognized, it assuredly remains, however, a disease predominantly of affluent societies. In this day and age, it is probably the commonest cause of emaciation in our young adult female population.

Treatment is extremely difficult. Any severely ill anorectic knows how to gain a substantial amount of weight, but her terror at doing so is overwhelming. If she is to achieve this and sustain it outside the natural course of events, then dietary intake together with relevant psychological help is probably optimal; an approach often involving the whole family.

Otherwise the anorectic is more likely merely to eat in order to gain sufficient weight to permit discharge from care—then she will resume her old ways. In-patient care requires a highly sophisticated blend of medical and nursing control, combined with a certain freedom to explore new aspects of experience within the self and the family.

Anorexia nervosa, a maladaptive though egosyntonic biologically based avoidance of, and part solution to, an existential problem, should be a challenge to present day society as well as to the families containing it. Meanwhile, the hard-pressed National Health Service is barely in a position to deal with the large numbers of us whose illnesses are no more and no less than our only resource.

Arthur Crisp

The author is Professor of Psychiatry, St George's Hospital Medical School, London.



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## White Paper sets out plans to control insider dealing and director loans

By Christopher Wilkins

Government plans to make insider dealing a criminal offence and to clamp down on company loans to directors were outlined yesterday in the form of a White Paper from the Department of Trade.

It seems unlikely, however, that legislation to enact the proposals will be introduced in the present parliamentary session, which in turn raises some doubt about whether the Government will be able to legislate before the next General Election.

The Queen's Speech earlier this month included a commitment to "amend company law", but the pressures on the parliamentary timetable mean that only a limited Bill will be introduced. This will implement the EEC's second directive on company definition and cover some registration issues.

The proposals in the White Paper are designed to put the duties of directors on to a statutory footing, and will, for the first time, give employees legal recognition in company law. Directors will have to take account of their interests as well as those of shareholders, and provision will have to be made for employees when part or all of a company is closed.

In response to a number of cases which have exposed loopholes in the present law prohibiting loans to company directors, the White Paper proposes to extend the present ban to include directors' near relatives.

In the case of banks, which are allowed to make loans to directors when it is the "ordinary course of business", loans will have to be made on "normal commercial terms" and will be limited to £50,000 and

### What makes an 'insider'

Insiders will be defined principally as directors, employees, substantial shareholders and persons with a professional or business relationship with the company. In addition the definition will extend to "anyone who receives information which he knows to be price-sensitive and not generally available and which he realises has come directly or indirectly from an insider." This provision will not be restricted to those "who are in some specified relationship with the insider".

will have to be revealed fully in the annual accounts.

Directors' contracts come under scrutiny too. All service contracts lasting longer than five years will have to be approved by shareholders, and sales of assets between a company and a director or his family interests will require shareholder approval.

Minority shareholders will be able to protect their interests better by obtaining the right to petition the court if they think the company is being run in a way prejudicial to their interests.

The White Paper comes out in favour of audit committees, but has drawn back from making them compulsory. "Ideally, at least", the White Paper says, "it will be better for companies, investors and their representatives bodies to work out schemes which can benefit all concerned."

Much of the White Paper focuses on proposals to outlaw insider trading, in quoted securities, which is to become

a criminal offence with penalties of up to two years in prison or a fine of £10,000. Prosecution will have to show that an insider "knew or had reasonable grounds to believe that the information was price sensitive and that he dealt nevertheless".

But it will be possible to make a defence if dealing is not intended to make a profit or avoid a loss by the use of inside information. It is felt this defence provides protection for innocent dealings by directors and employees.

The White Paper is not likely to prove controversial except in detail. The Tories promptly welcomed it, noting that it reproduced much of what had been proposed in their own 1973 Company Law Bill which was overtaken by the 1974 election.

Mr John Nott, Opposition spokesman on trade, said he welcomed the Government's putting into statutory form what was already general business practice, which is to become

## THE TIMES BUSINESS NEWS

### UK hopes for Europe airliner stake

By Arthur Reed  
Air Correspondent

Britain, France, West Germany and Holland are moving fairly close to agreement on the development of a 150-seater European airliner project.

If the project goes ahead it will be based on a French design, the A200, and will be powered by two American/French engines.

This means that the competing British design, the BAC XII, which is largely based on proven BAC 111 airliner technology, will be dropped.

But in return for French insistence that their design must be used, the British are equally adamant that they should have overall control of the project, and it should be a hard-headed economic one, rather than one entered into for reasons of political pride.

The British Aerospace view is that this country should have the leadership role of the project, should design and make the wings and the undercarriage, and do the final assembly of parts made in all four partner countries, plus flight testing.

This would amount to about 40 per cent of the project for Britain, 25 per cent for France (the low figure taking into consideration the fact that she will be producing the engines) and the remaining

35 per cent for the West Germans and the Dutch.

Development costs and tooling for production would amount to some £330m and would be split among the partners in the same ratio as the work.

The deal is to be discussed at prime ministerial level between Britain and France in December and has enormous implications for Britain's future industrial and political relations with Europe.

It is linked strongly with the possibility of Britain reentering, at government level, the European Airbus consortium which she left in the late 1950s on the ground that Airbus sales prospects were bleak.

British Aerospace, which makes the wings for the Airbus as a private venture, is negotiating to go back as a full member of the consortium with a view to working on a 150 and smaller version, the 200-seater B10.

The price of the "entry ticket" for Britain would be similar to that for the A200. There would also be a small contribution expected by the French and the Germans towards the bill for additional production costs of the existing Airbus models.

At the same time as negotiating with the Europeans, British Aerospace is talking to the American companies Boeing and McDonnell Douglas about joining

them in new airliner projects. These talks are of a serious nature, but they can also be seen as a lever for placing pressure on the French and the Germans in the talks towards a European deal.

### £150m Iranair deal will benefit Hawker

A deal signed in London yesterday, Iranair will lease two European A300 aircrafts and indicated that it will buy 10 more at a total cost of £150m.

First deliveries of the new aircraft will be made in 20 months. The first of the two leased aircraft is for delivery in March.

The orders represent long-term work for Hawker Siddeley factories within British Aerospace.

And ML Aviation, of Maidenhead, has been awarded a contract by the United States Air Force-Navy Board which could lead to the manufacture of weapon-carrying racks for a wide range of American military aircraft. ML Aviation already makes these for the RAF and the Royal Navy and for the air forces of 20 foreign countries.

### Solicitors expect higher indemnity premiums as inflation hits claims

A world "explosion" in

users' claims against the profession is expected, says a survey by the Law Society.

The total of 646 claims against solicitors were notified during the year ending last August.

Obligatory for all solicitors since September last year, the master policy scheme covers claims against loss of documents or valuables, defamation and breach of confidence as well as professional negligence.

The premiums now cost sole practitioners £490 a year and give cover up to £50,000 per claim while partners pay £392 annually for cover up to £30,000.

The Law Society makes the point that during the existence of the policy inflation has advanced by about 36 per cent while premiums have increased by only 26 per cent. However,

claims notified, is more than

£1 higher than the income received from premiums, a "worldwide" epidemic of professional claims.

In the United States, claims against lawyers increased by 40 per cent between 1971 and 1975, according to a recent indemnity insurance company survey. During the same period the average claim cost almost doubled to \$12,000 (about £6,500) by 1975 and the pool of insurers who are prepared to take on professional indemnity insurance had shrunk to possibly three or four companies.

The society's concern is that factors such as changes in public attitudes to consumer protection and more sympathetic treatment by the courts will lead to an equivalent or greater increase in claims in Britain.

### Building societies in £1,200m link

By Margaret Stone

Merger proposals between the Anglia Building Society, with assets of nearly £700m, and the Hastings and Thanet Building Society, with assets over £500m, announced yesterday will create a new society to be called the Anglia, Hastings and Thanet—the seventh biggest in the country.

Talks have been going on between the two for several years, but the growing gap between the giant national societies with assets in excess of £1,000m and the regional final impetus to the merger debate. Members will be asked to give their approval in April.

Mr John Porter, chairman of the Hastings and Thanet, who will become chairman of the enlarged society, said yesterday there were five reasons for the merger.

These were the elimination of direct competition with branch offices, preferential reserve ratio of larger societies, general economies of scale, a greater national spread, and the ability to compete with larger societies.

The new society will have more than 200 branches (only 18 overlap) and, although administrative offices will ultimately be centred on Anglia's Northampton headquarters, the Hastings and Thanet head office will be maintained for the time being. There are to be no redundancies for at least five years.

Mr Porter said the two societies shared the same philosophy to term shares and differential mortgage interest rates. The Anglia has 600,000 investors and 100,000 borrowers, while the Hastings has some 300,000 investors and 75,000 borrowers.

Mr Peter Wilkinson, general manager of the Anglia, and Mr Eric Argent, general manager of the Hastings and Thanet, are to be joint chief executives. Financial Editor and Business Diary, page 23

### ICC adopts tough new rules for fighting bribery and corruption in industry

From Malcolm Brown  
Paris, Nov 29

Business leaders from 54 countries today approved a tough new set of rules to fight bribery and corruption in business and public life.

The governing council of the International Chamber of Commerce voted overwhelmingly to adopt the recommendations of a high-level commission on extortion and bribery chaired by Lord Shawcross, the former British Attorney General.

These include: strong recommendations to governments to tighten up on the scope for corruption in their own countries and to introduce anti-bribery legislation where it did not already exist; a set of voluntary rules of ethical practice for businesses which ban extortion and bribery and outlaw kickbacks; and the setting up of an international panel to police this code.

But the council, while accepting in principle the proposal of an international policing panel, has remitted to a working party the whole question of the composition and detailed powers of the panel. The issue will be considered again by the council next summer.

The decision not to accept at this point the detailed Shawcross proposals on the powers and competence of the panel is bound to be interpreted as the result of pressure from the more volatile critics of the commission's report, particularly France, Belgium, and West Germany.

But it is by no means clear that this body of opinion will prevail. It is understood that while concern was expressed at the legal minefield which the setting up of such a panel would entail—questions of libel and slander, for example, might arise where a company was denounced to the panel as having engaged in corrupt practices—there was a strong feeling in certain sections of the ICC council that some of the Shawcross proposals on the panel should in fact be strengthened.

One crucial issue which the working party may examine is whether the panel should be able to investigate alleged corruption without the consent of the accused party.

The original draft of the report on the commission—whose other members include M Jean Rey, president of the European Economic Commission from 1967 to 1970 and Shaikh Yamani, Saudi Arabia's petroleum minister—had been

considerably watered down after criticism from the dissenting countries, some of whom are believed to have abstained today.

Any revision in the second draft greatly reduced the powers of the policing panel to investigate alleged corruption. It now seems possible that these powers could be restored to the panel if a means can be found which does not involve too many legal dangers.

The ICC's proposals will now be circulated to the governments and business communities of the 54 member nations. Among the measures which governments will be expected to take are the compilation of reports on the financial interests and total wealth of officials and their immediate families. The member states would be expected to have access to company information about agents dealing with public bodies or officials.

Lord Shawcross said in London last night: "I am glad to know that the code itself has been adopted, but I am sorry that there is going to be this further delay before the machinery for enforcing the code becomes operative. It is important that the business community should make it clear that it is in earnest in putting down corruption."

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The ICC's proposals will now be circulated to the governments and business communities of the 54 member nations. Among the measures which governments will be expected to take are the compilation of reports on the financial interests and total wealth of officials and their immediate families. The member states would be expected to have access to company information about agents dealing with public bodies or officials.

Lord Shawcross said in London last night: "I am glad to know that the code itself has been adopted, but I am sorry that there is going to be this further delay before the machinery for enforcing the code becomes operative. It is important that the business community should make it clear that it is in earnest in putting down corruption."

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considerably watered down after criticism from the dissenting countries, some of whom are believed to have abstained today.

### Midland Bank reduces spread in rates tussle

By Ronald Pullen  
Banking Correspondent

Midland Bank yesterday announced that it was increasing its base rate from 6 to only 6½ per cent, adding to the divergence of views between the clearing banks on the pace of the upturn in interest rates.

This is half the increase National Westminster introduced on Monday, in response to last week's sudden rise in the minimum lending rate, and a quarter point below the Lloyds increase.

With Barclays still waiting to see where short-term money market rates settle, this means that all the big four clearers are working on different base rates, ranging between 6 and 7½ per cent.

Unlike NatWest and Lloyds, however, which took the opportunity of their base rate changes to widen the margin over their base rates to 3½ per cent, Midland is accepting a reduction in its spread from 3 to 2½ per cent by putting up its rates on seven-day branch deposits by a full point to 4 per cent.

Financial Editor, page 23



China's shopping list: Mr Li

cheung (right), China's foreign trade minister, who is in Britain to explore possibilities of increased trade, yesterday presented a "shopping list" to Mr Edmund Dell (left), Secretary of State for Trade. The list included a request for a £10m loan to finance the purchase of a £10m worth of goods, and a request for a £10m loan to finance the purchase of a £10m worth of goods.

Later the Chinese delegation went by helicopter to Dunsfold, Surrey, for a demonstration by British Aerospace of the Harrier military jump jet aircraft. The question of China's buying the aircraft, which might raise difficulties, particularly with the United States, could come up in talks today with the Prime Minister. Mr Li told Mr Varley, Secretary of State for Industry, that Peking was still considering whether to buy three Concorde.

### Dr Burns gloomy over jobless outlook

Washington, Nov 29—Dr Arthur Burns, chairman of the Federal Reserve Board, said he doubted whether the unemployment rate would drop to an "acceptable level over the next few years."

He told a meeting of the American Council of Life Insurance in New York that "the reason for scepticism was that a number of structural factors were now impeding the smooth functioning of our labour markets—much more so than was the case 10 or 20 years ago."

Dr Burns said that the most prominent of the structural factors was the recent upsurge in the growth of labour force—a phenomenon dominated by sharply increasing participation of adult women.

The Fed chairman also repeated his call for a business tax cut, saying the need has become "especially acute". It would be necessary to offset impending increases in social security and energy taxes and to neutralise the massive overpayment of income taxes that stems from applying standard accounting rules to our inflation-ridden economy.

Dr Burns emphasized the need for increased business investment and added "I believe that President Carter fully appreciates the importance of a substantially lessening the psychological and financial obstacles to business investment."

He said he expects "that economic policy generally—and both tax and energy policies specifically—will soon take on a more constructive character."

Over the next several months he anticipates that decisions in Washington will at last reduce uncertainty.

Dr Burns said he would seriously consider remaining a member of the Federal Reserve Board if he was not reappointed to the chairmanship by President Carter.

Financial Editor, page 23

Financial Editor, page 23

### HIGHER INTEREST RATES ON 7-DAYS NOTICE DEPOSITS

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**On other pages**  
Business appointments 25  
Appointments vacant 30  
Wall Street 26  
Bank Base Rates Table 26  
Annual Statements 26  
A. & J. Mucklow 22  
Raine Engineering 25

**Interim Statement:**  
London & Midland 23  
Prospectuses:  
East Rand Gold 25  
The Amalgamated Dental Co 24  
The Mid-Kent Water Co 25

**Company Notices:**  
Clydesdale Bank 24  
Hill Samuel 24  
KCA International 24  
Midland Bank 24  
Bank of Scotland 24  
Royal Bank of Scotland 24



National Institute says world economic growth to be significantly lower than predicted

## 4 pc output rise of developed nations forecast

By Our Economic Staff

World economic growth this year and next is likely to be significantly lower than previously expected by both the National Institute for Economic and Social Research and government forecasts, according to the Institute's latest forecast.

Out put in the major industrialized countries of the Organization for Economic Cooperation and Development is forecast to rise by only 4 per cent this year and next.

World trade growth is expected to grow by 3 per cent to 4 per cent in volume terms this year, and by 6 per cent next year. This is higher than the most recent forecast by the OECD secretariat (of a 4 per cent rise next year), but below the United Kingdom Government's forecast of 8 per cent.

A short-lived bout of food price inflation at the beginning of this year misled governments into thinking that renewal of inflation was a bigger danger than a stalling of recovery.

Industry has been much slower to invest than expected, and as a result unemployment has fallen less slowly than originally forecast in the United States, and has risen in Canada and western Europe.

The Institute is more cheerful about inflation. There has been a marked slowdown in the underlying rate, with a levelling out in the United States, and a fall in wholesale prices over the late spring and summer of this year. As yet consumer price rises have not slowed down so much.

The OECD area as a whole is expected to have an average rate of consumer price inflation of less than 9 per cent this year, falling to 7½ per cent in 1978.

Cheaper commodities on

world markets have helped the inflation outlook, with a fall of more than 8 per cent in the price index of primary products in the third quarter of this year.

However, the associated drop in export earnings of the less-developed countries has weakened the prospects for world trade.

Institute forecasts of the balance of payments differ quite significantly from the OECD forecasts in some cases. For 1978 the United States deficit is lower, Japan's is higher, and Italy's much higher, than other forecasts.

Economic growth rates are forecast to diverge quite substantially between countries. A satisfactory performance for America and Japan contrasts with an expected growth rate in western Europe of less than 2½ per cent in 1977 and less than 3½ in 1978.

Unemployment rates have been adjusted for differences in their calculation. A comparison of the adjusted rates shows Canada, Britain and the United States have the highest percentage of the work force in the dole queue—8.2, 6.7 and 6.8 per cent respectively in the third quarter of this year.

## N Sea peak likely in 1984

North Sea oil will leave Britain slightly better off than it was before the oil price rise and considerably better off than it is now, according to an article by Mrs S. A. B. Page, a member of the National Institute's staff.

She suggests that by 1985 the cumulative effect of revenue from the North Sea on oil

## SUMMARY OF THE INSTITUTE FORECAST FOR UK

	Real GDP (per cent change year/year)	Real disposable income (per cent change year/year)	Unemployment (per cent)	Money supply (per cent change year/year)	Consumer prices (per cent change year/year)	Current account balance (per cent of GDP)	Public sector borrowing requirement (per cent of GDP)
1976	2.1	-0.4	1.3	9.8	15.4	-1.4	8.8
1977	0.2	-1.1	1.4	13.0	13.9	-0.5	7.2
1978	3.4	5.1	1.5	13.0	8.4	2.1	6.6

## FORECASTS FOR OECD COUNTRIES' INFLATION, GROWTH AND BALANCE OF PAYMENTS

Per cent change year on year	US	Canada	Japan	France	Germany	Italy	UK	Total OECD
Consumer prices								
1977/78	6.5	8.0	8.0	9.5	4.0	19.5	18.0	8.6
1978/79	6.5	8.5	6.0	8.0	4.0	13.0	9.0	7.5
GDP								
1977/78	5.0	1.7	6.0	2.5	3.0	2.0	0.2	3.8
1978/79	4.3	4.0	6.0	3.5	3.5	2.0	3.4	4.0
5000M Current Account balance								
1977	-15.9	-5.2	+11.6	+1.4	+2.6	+2.5	+0.9	-27.3
1978	-16.5	-5.0	+17.1	+5.0	-0.1	+8.4	+3.9	-7.1

and gas will be to make the country overall \$15,539m (about £8,333m) better off than it was at the beginning of the 1970s.

The study assumes that the net benefit of the North Sea and the oil price increase of 1973 can be measured by deducting the extra cost which British firms had to pay for its oil from the total net revenue gained from North Sea operations.

This calculation, assumes oil prices do not rise as fast as the price of manufactures until 1980, when it starts to rise slightly. The study also assumes in its central forecast that exchange rate rises to \$2.25 to the pound by 1982 and then stays there.

to occur in 1977 and 1978. Total output at current prices is assumed to be worth \$5,000m now, £10,000m in 1980 and £14,000m in 1985. Production costs at the peak are assumed to be £1.70 a barrel, which is on the high side of most estimates.

Government receipts are expected to be £1,282m this year (though the money will be paid in arrears £2,277m next year and rise to around £3,000m by the middle eighties).

Company profits are expected to go up to around £1,500m by the mid-eighties, though this gain is concentrated almost entirely in the oil sector.

## Pay favours public sector

During the 1970s the relative pay of public sector blue collar workers improved by more than 10 per cent compared to those in the private sector.

But there has been a recent reversal in the trend favouring the private sector. In the year to April 1977 there was a relative shift of 2½ per cent to the private sector.

These findings are presented in an article by Mr Andrew Dean which updates previous work on pay realties.

Whereas private sector workers were generally better paid than public sector in the 1950s and 1960s they have now been overtaken.

The evidence from both the New Earnings Survey and a special survey into manual pay by the Department of Employment follows the same pattern.

Phases one and two of the government's pay policy seem to have hit the public sector slightly harder.



Mr Bob Scholey: talks with the steel industry's largest union today.

## BSC talks with unions reopen today

By Paul Routledge  
Labour Editor

Discussions between steel union leaders and the British Steel Corporation over ways to reduce the industry's crippling financial losses reopened today.

The full executive of the Iron and Steel Trades Confederation, the industry's largest union, is holding a "return bout" of the talks on economy measures that took place two weeks ago with Mr Bob Scholey, chief executive of BSC, at the corporation's London head quarters.

Details, rather than generalisations, about the curbs may emerge at these talks, which follow an hour-long meeting yesterday between Mr Varley, Secretary of State for Industry and the TUC steel industry committee when ministers underlined government anxiety over the industry's financial slide.

The Department of Industry said in a statement last night that Mr Varley had emphasized the Government's determination to see the long-term viability of the industry secured. Steps to effect a commercial recovery had been discussed.

Leaders on the TUC steel committee explained their concern about the time being allowed to complete consultations with their own members, and stressed the need to avoid "action that was socially damaging, left the industry unable to respond to an upturn in demand and allowed to lose competitiveness through lack of essential investment."

Much now depends on today's exchanges between the ISC and Mr Scholey. The consideration has the biggest influence within the TUC steel committee, holding six of the 17 voting seats and usually sets the policy pattern.

So far, BSC has only said that it wants a profitable steel industry, with the unions agreeing a common programme of job reductions and the shifting of the starting point from older, high cost plants to low cost plant.

One answer to industrial conflict in Britain could be provided by the development of producer co-operatives along the lines of the 21-year-old Mondragon cooperative in northern Spain, according to the four authors of a study, published today, of the Mondragon experiment.

Traditional conflicts between workers and owners or managers have led to a worse inflation at any given level of unemployment and the recent acceptance in Britain of the need for some form of worker participation in industry.

Despite the poor track record of producer co-operatives in this country, the authors of today's report believe there could be an important third industrial sector based on common ownership.

Mondragon covers more than

## LETTERS TO THE EDITOR

## Wanted—housing for a 24-hour community in the Square Mile

From Mr C. D. Woodward

Sir, As one who lives in the City, serves on its Council of Common Council and chairs its amenity society, I beg to disagree with two of the views put forward in the article (November 23) on Barbican and City housing.

First, it is just not true that there is almost no room left for housing in the Square Mile. There are derelict sites, and run-down buildings which could be refurbished for residential use in the following areas: Smithfield—St Bartholomew's (in particular in and around Little Britain; Bartholomew Lane and Cloth Fair); Liverpool Street Station; Collier Street; Carter Lane; Carick Hill; Lovat Lane; Bow Lane.

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lunch-time trade. Today they cannot and that is why a great many have had to shut up shop and why there are so many empty shops in the City.

The shops and other services which are vital to the successful continuation of the City's economic activity. Housing, shopping, tourism and economic activity are all interdependent in the City.

This is the fundamental issue which the new City development plan needs to accept and encourage if it is to be fully in the City's future in the coming years.

C. DOUGLAS WOODWARD, Chairman, City Heritage Society, 404 Gilbert House, Barbican EC2.

From Mr M. Nightingale  
Sir, A strong case can be made for the retention of an anomalous form of local government for the City of London based on the business vote, but there is a need for substantial reform.

As Christopher Warman points out in his article in "The Changing City" (November 23) only 8,000 of the 500,000 people who work in the City are entitled to vote.

Yours faithfully,  
MICHAEL NIGHTINGALE, Chairman, The Anglo-Indonesian Corporation, 37 Queen Street, London EC4R 1BY.

## Incentives from taxing derelict land

From Mr John Gorst

Sir, On what does Professor Michael Chisholm (November 24) base his assumption that the taxation of derelict land would provide a substantial incentive to local authorities and nationalised industries to bring it into use?

In the first place there is frequently a reason for land to fall derelict such as planning blight, location, or the cost of development. Secondly, I fail to see why development per se is likely to create a demand for the land and product.

Thirdly, which particular aspect of their record to date persuades him that they are competent to undertake a programme of urban development on such a scale, even if the funds were available.

It may interest Professor Chisholm to know that rates are now levied on empty buildings. Since we may assume that only an insane corporation will still voluntarily allow a building to remain empty, perhaps he can explain why up

and down the country so many offices and factories are still unused, despite the levying of rates and the substantially increased costs now facing their landlords as a result.

Far better to landscape derelict land and cover it open space or relieve rather than add to the already overwhelming congestion of so many cities.

Yours faithfully,  
JOHN GORST, 85 Rectory Grove, London SW4.

From Mr H. M. Wilks  
Sir, I would support what Professor Michael Chisholm wrote in your issue of November 24. The matter could, however, be taken a little further.

I was responsible for the two pilot schemes on site value rating, which have been carried out on the ground since the last war. Both of them showed that a site value basis would not only be perfectly practicable in the United Kingdom but could be done

My company has been trading with Java since 1812 but when, in 1910, it incorporated and obtained a public quotation, the company and its directors lost any say in the government of the City. The great majority of businesses by the very act of incorporation have been similarly disenfranchised.

Most of us who work in the City would have to admit that we do not know in which ward or ecclesiastical parish our office is situated or the names of the aldermen, councillors or clergymen who are responsible for our welfare.

I suggest that the City Corporation should itself take the initiative by promoting legislation to ensure that everyone who has worked in the City for a qualifying period, apprenticeship in the modern sense, is encouraged and entitled to be admitted Freeman and that every Freeman has a vote in the government of the City. By this means all those working in the City will be made to feel a continuing and integral part of the ancient tradition that has made the City of London what it is.

Yours faithfully,  
MICHAEL NIGHTINGALE, Chairman, The Anglo-Indonesian Corporation, 37 Queen Street, London EC4R 1BY.

more expeditiously and with fewer qualified staff than the present rating system.

What is perhaps most important, however, is that it immediately shows up those areas of land which are undeveloped, and those under-developed; further, it clearly indicates those which are ready for redevelopment. Also, as Professor Chisholm points out, by levying the appropriate tax on undeveloped and under-developed land, there is a financial incentive to use that land to the full.

In other words, the use of site value rating not only incidentally complies a Domesday Book of all land in the United Kingdom, in support of Hugh Rossi's call, but it also is of use in selecting proper land use and thus of importance to the economist and, in broadest terms, to the conservationist.

Yours sincerely,  
RECTOR M. WILKS, BSC FRICS (Dip.Rating), FRVA, FIARb, 9 Harley Street, London, W1N 2AL.

## VAT burden of High Court debtors

From the Under Sheriff of Greater London

Sir, By a chilly side wind that will blow from Brussels after January 1, 1978 the lot of High Court debtors will be even more unfortunate than it is at present.

A change in the law brought in by s.14 Finance Act 1977 to comply with the EEC sixth Directive on VAT has had the

effect of making VAT payable on the fees for enforcing judgments.

The difference between High Court judgments being enforced through high sheriffs, "officers holders", and those of county courts through registrars, "employees", brings the added nonsense that VAT is payable on the "services" supplied to debtors by the High Court, but

not on those through the county court.

Parliament still has time to prevent this unfair and unnecessary hardship.

ALASTAIR BLACK, Under Sheriff, The Office of the Sheriff of Greater London, Arundel House, 13-15 Arundel Street, London, WC2.

## US banker attacks unions in UK

From Frank Vogel

Chicago, Nov 29

Top American bankers and economists called today for a major tax cut next year to stimulate business capital investment. They forecast increasing capital flows into the United States from Europe and increased prospects of a sustained long-term American expansion.

Mr George Ball, the former Under Secretary of State and now one of the leading investment bankers on Wall Street, predicted that there were increasing chances of "substantial flows of capital to the United States" because of mounting business uncertainties in Britain, France, West Germany and Italy.

Mr Ball, the senior managing director of Lehman Brothers, told a conference here that doing business and planning investments in Britain was "very difficult" with businessmen facing increasing industrial disputes, extreme tax rates and "a very rebellious trade union group that by and large can not control their own troops."

Great business uncertainties also existed in France with the danger of communist gains in the forthcoming elections. Uncertainties were also serious in Italy, because of the powerful political role of the Communist Party there.

In Germany businessmen were anxious about increased worker "co-determination" and actions of the extreme left wing.

Mr Roger Anderson, chairman of the Continental Bank, which is sponsoring this conference, said that the business problems in Europe were far graver than those in the United States.

Mr Paul McCracken, the former chairman of the White House Council of Economic Advisers, called with Mr Anderson for tax cuts next year. This was vital if the economy was to enjoy sustained growth and recovery. The tax cuts should total at least \$20,000m (about £11,050m) "with at least one third going to business."

Several of the speakers at this capital formation conference, including Mr William Simon, the former Secretary of the Treasury, noted that they had become more optimistic about the prospects of a realistic tax cut and of prudent economic policies.

Mr Ball noted that policies to strengthen the private sector and reduce government intervention in business were essential otherwise there was a danger that government's role in managing the economy would reach the point where rigidities were so great as was the case in Britain, where socialism was dominant.

## Japanese agree to standstill on steel exports to Community

Brussels, Nov 29.—Japan has agreed to limit its steel exports in 1978 to the EEC to about the same levels as this year, informed sources said today.

Under informal arrangements for 1977 Japan has kept its exports of all steels to the Community to between 1.4 and 1.5 million tonnes with the six major Japanese companies (Fuyo, Kawasaki, Nippon, Sumitomo, Teikoku and Tokai) of the total (Reuters reports).

This understanding will be prolonged for another year after talks between the European Coal and Steel Community and a Japanese trade delegation which ended here today, the sources said.

Both sides also discussed the minimum reference price due to be set soon by the United States for its steel imports.

## Gatt told of plan for 40 pc cut in tariffs over 8 years

From Alan McGregor

Geneva, Nov 29

Japan is proposing a 40 per cent industrial tariff cut in the multilateral Tokyo Round trade negotiations, Mr Masao Sawada, the Japanese delegate today told the annual conference of member countries in Geneva.

He said his government had adopted as a working hypothesis a formula for a 40 per cent weighted average reduction in tariffs, with harmonization to be effected over 8 years after the successful conclusion of the negotiations, expected next year.

A 40 per cent cut has already emerged in the negotiations as the most likely compromise acceptable to the United States (which originally sought 60 per

A Japanese mission will visit Washington next week to explain the costing system of Japanese steel products.

The two sides agreed that Japan and the EEC would cooperate with the United States in setting the reference price which is likely to be based on the costs of Japanese steel production, including transport and insurance, negotiators said.

Commission officials said contracts at lower level concluded in preparation of high-level EEC-Japanese consultations held in Tokyo in the spring, and in Brussels in late autumn (AFP-Dow Jones reports).

The high-level consultations are to open in Brussels tomorrow.

Meanwhile, Community and Japanese experts began two-day discussions on balance of payments and trade problems.

Commission officials said that nothing spectacular should be expected from the discussions of the financial experts who would report to the consultation which starts tomorrow.

The Community's major problem with Japan is a heavy trade deficit, expected at \$5,000m (about £2,620m) this year, up from \$4,200m in 1976.

The EEC maintains that its proportion of the cost of imports from Japan covered by exports to that country, will drop to near 39 per cent this year from 43 per cent in 1976.

But the Japanese are arguing that the balance of invisible transactions should be considered as well, pointing to \$2,000m balance in favour of the Community in 1975 as an example.

## Tokyo confirms increase in trade surplus

Tokyo, Nov 29.—Japan's revised visible trade surplus rose to \$1,860m in October from \$1,690m in September and \$1,400m in October last year, the finance ministry said. The figure was unchanged from the preliminary surplus announced on November 17.

The ministry said free on board exports rose 5 per cent compared with October, 1976 to \$6,940m, while FOB imports rose 4 per cent to \$5,070m.

The year-on-year rates of rise compare with 12 per cent and 3 per cent respectively for exports and imports in September.

In yen terms, the revised October trade surplus rose to 476,100m yen from 452,300m yen in September and 331,900m yen in September last year.

## Revised Iran deal for Millbank

By Maurice Corina

Work is being resumed by Millbank Technical Services, the recently deconsolidated subsidiary of Crown Agents, on devising a revised contract with the Iranian military and industrial centre in Iran.

A revised contract, which apparently provides for reviews in stages, envisages a less ambitious package than when a provisional was signed with Millbank Technical Services Ordinance in 1974, under which the Crown Agents linked up with building contractors J. Lewis and George Wimpey.

The Iranian deal was halted last December when the Iranian Military Industries Organisation terminated the relationship with Millbank Technical, claiming that the costs of the project had risen from an estimated £530m to £773m.

At December 31, 1976, the

Iranians had paid over £53m, even though negotiations of the technical contract, including financing and fees, had not been agreed. Construction work was placed on a care and maintenance basis while the situation was reviewed by all parties.

The importance of the smaller scale project means that Millbank Technical Services liabilities will be correspondingly reduced. Withdrawal from the Iranian project could have prompted losses to Mills of over £475,000 and a host of related problems.

Renegotiation has taken place under the general supervision of the Ministry of Defence. In association with the Ministry of Overseas Development, it has taken over control of MTS, which has £57.9m deposited at call with the Crown Agents.

The Crown Agents have written off a firm shareholding in MTS as well as £4.2m of accumulated profits under the transfer of control, which relieves the Agents of any contingent liabilities which may arise.

MTS now has an order book worth £1,600m for defence and other equipment and services and is trading profitably.

One of the uncertainties concerned the Iranian contract, for which provisions had been made. Clearly, renegotiation of this deal on mutually satisfactory terms will mitigate these uncertainties.

A Treasury minute issued earlier this month promised the Commons Committee of Public Accounts that the need to public funds arising from MTS group's contracts would be constantly borne in mind.

## APEX walks out of Leyland pay reform meeting

The biggest white collar union in Leyland Cars—the Association of Professional Executive Clerical and Computer Staffs (APEX)—yesterday walked out of the pay reform negotiations affecting 20,000 staff employees.

Mr Ray Edwards, assistant general secretary of Apex, said the immediate implementation of central wage bargaining for staff at all 34 plants was being blocked by the irresponsible attitude of the Association of Commercial Technical and Supervisory Staffs (ACTSS).

This latest setback could put an end to Leyland's plans to press ahead with central wage bargaining for staff, despite the fact that similar negotiations affecting its 100,000 manual workers have been stopped by the TUC's refusal to lift the 12 months interval between pay increases.

## Plea for development of producer co-operatives

By Caroline Atkinson

One answer to industrial conflict in Britain could be provided by the development of producer co-operatives along the lines of the 21-year-old Mondragon cooperative in northern Spain, according to the four authors of a study, published today, of the Mondragon experiment.

Traditional conflicts between workers and owners or managers have led to a worse inflation at any given level of unemployment and the recent acceptance in Britain of the need for some form of worker participation in industry.

Despite the poor track record of producer co-operatives in this country, the authors of today's report believe there could be an important third industrial sector based on common ownership.

Mondragon covers more than

## £10m state aid for £100m Thames Board project

By Edward Townsend

Government grants totalling £22m have been approved by the Department of Industry for companies seeking assistance under the selective investment scheme.

The figure includes an interest relief grant of £10.5m awarded to Thames Board for its £100m project to build a cardboard-making factory in Worthington. The grant is the largest so far made under the scheme and yesterday was the first to go before the Commons for approval.

Previously, the largest published grant was £1,375,000 to Albright and Wilson for a £21m chemical project at Whitehaven. It is understood that a few larger awards have yet to be disclosed.

The Thames Board project will create 240 jobs at Worthington and a further 350 in the

preparation and transport of the domestic wood thinning to be used by the plant. The £10.5m is to be paid in tranches and the company will also qualify for regional development grants, currently estimated at £18m, on the building and plant costs.



BY THE FINANCIAL EDITOR

## Back to the interest rate cauldron

Financial markets were gripped by a fresh bout of MLR fitters last night and there must be a strong case for the Bank of England to provide a speedy indication of its views on the situation before matters get out of hand. It may be that the monetary authorities feel that a further rise in MLR, say to 8 per cent, is necessary. But if they do not, then they should say so.

This latest bout of interest rate nerves has arisen partly because the Government has not yet lowered his price for the "top" stock and attempted to reactivate sales.

The question that poses is this: is potential demand weak because investors consider higher yields to be necessary, or because they simply do not have the money? If it is the former, then the authorities may have to give way to the market unless they feel that the news background and next week's banking figures are likely to improve sentiment. If the latter, then there must be a case for the authorities indicating that no useful purpose would be served by raising rates further at this stage.

The hope in that case would be that the appetite of the long-term funds would start to revive once the BP call was out of the way and year-end income started to flow in a big way. The risk of course, is that having had rates down for several weeks, a bad news background or worrying money supply figures would still force an eventual increase in rates.

### Building societies

#### Pressure on the medium-sized

Converts to the "small is beautiful" theory will be dismayed to hear of the merger between the £700m Anglia and £500m Hastings and Thanet building societies. But they would be wrong to criticise it since few would dispute the fact that there are too many building societies. The number is gradually diminishing—18 vanished last year and 24 the year before bringing the total at the end of 1976 to 364. Of these at least 100 are insignificant.

The growing polarization between the national and local societies has left medium-sized ones in limbo from which they try to escape by expanding to national size. And no matter how hard they try there is no other way now in which they will catch up with the Halifax, Abbey National, Nationwide, Leeds Permanent, Woolwich and Alliance—all with assets over £1,000m—except by mergers.

Investors and borrowers should welcome this. An enlarged society should be more efficient and branch office expansion—which enables them to operate on narrower margins.

For several years the giant societies have been chaffing at the constraint of single recommended investment and mortgage rates for all societies, large and small. The first hints of open rebellion are here with the Abbey, followed by the Leeds and Britannia, refusing to trim its investment rate to existing savers at the beginning of the month. As a result of this conflict, changes in the way reserves and rates are fixed will be forthcoming; they are unlikely to ease the pressure on medium-sized societies. So, expect more mergers.

### Company law

#### Still chasing the "insider"

There are no real surprises in the Department of Trade White Paper on directors' responsibilities and insider trading. There will be quibbles about the precise form of directors should have statutory responsibilities, but the guts of the proposals—that directors, to employees as well as shareholders, that loans to directors should be more tightly controlled and that insider trading should become a criminal offence—are now very much part of mainstream opinion in industry and the City.

The White Paper does not have all the answers, however. On insider trading it has chosen the route, opposed by the accountants, of attempting to define who will be

reated as an insider, rather than the wider approach favoured in the United States of regarding insiders simply as those with inside information. The problem of defining is that it opens the way for the ingenious insider to find a way round the letter of the law while breaching its spirit, although the problem is largely met by extending the definition of an insider to those who deal on information they know to come from an insider.

The broader issue that remains is what the proper posture will be under the new legislation for institutions and stock brokers—analysts who are daily privy to information from companies not generally available to other shareholders.

The other grey area is the question of directors' responsibilities to employees. The principle is unexceptionable, but the application may be more difficult. For example, the White Paper says it will be lawful for directors to make provision for employees or former employees when closing down the whole or any part of the business. But where should the directors draw the line between their duties to employees and to shareholders? The department's answer is that this must be left to the judgment of the board, but the question then is whether an unfortunate board might not find itself simultaneously the subject of claims from shareholders and employees that their interests have been under-represented.

More fundamentally still, however, the issue is whether these proposals will actually be enacted, given the possibility of an election intervening before the 1978-79 parliamentary session.



It was the turn of Midland Bank, chaired by Lord Armstrong of Sandstead (above), to set the cat among the pigeons over base rates yesterday with its decision to under-cut both National Westminster and Lloyds by pushing up its rate by only three quarters of a point to 6 1/2 per cent. And perhaps even more surprisingly in view of the squeeze on domestic banking profits to accept a 1/2 per cent drop in the spread between base and deposit rates.

With money market rates continuing to harden through the day, it looks as though NatWest's adventurous response to last week's MLR rise may be right, although Barclays is still waiting to see how the interest rate tea leaves settle before making its move.

Clearers are still being reticent about their precise reasons for diverging after being on the same interest rate escalator since their base rate cartel was swept aside to pave the way for Competition and Credit Control in 1971, and clearly with differing dependence on current account and wholesale money there is the scope to permit out of line. But interest rate trends have never got the banks so flummoxed before to lead to four separate base rates and their real reason for moving apart probably has more to do with how they see sterling loan demand developing over the next few months.

Whether there may also be some political mileage in being seen to compete is also a moot point but with the Price Commission not to mention the Wilson Committee looking at their activities it cannot do them any harm. Meanwhile, the latest base rate moves underline how misleading it has become to gauge them from money market rates. Conventional wisdom used to be that base rates where three month inter-bank rates plus a margin for low yielding reserve assets like Treasury bills but with the increasing volatility of interest rates that sort of correlation no longer holds.

Mr Edmund Dell, the Trade Secretary, leaves for office with Polish Government leaders next Monday aimed at promoting trade and economic co-operation between the two countries.

His visit comes at a particularly inauspicious moment in view of the surprising and tragic decision yesterday of 1,700 workers employed by Swan Hunter to combine their overtime ban and thus effectively deprive the yard of seven ships as part of the £115m Polish shipbuilding deal.

The euphoria created last week with the signing of the shipbuilding contract with Poland—a controversial deal in itself because of the large amount of taxpayers' money—would quickly evaporated when it became clear that the workers concerned, who "fit out" ships, had determined to use the offer of the seven ships to demand a 15,500 ton deadweight bulk carriers for their yard as a lever to promote their claim for parity with the boiler-makers.

The Poles, who had succeeded in forcing some fairly severe terms in the course more than 18 months of negotiations, can hardly have been encouraged by the spectacle of this fight on Tyneside.

Demands for written guarantees of cooperation in meeting tight delivery schedules, in solving hours of talks between union leaders and ship stewards of the dodged "outfit" workers, have come to nothing. Last minute relaxation of deadlines has not helped British Shipbuilders at a time when it seemed to match its words with action.

Swan Hunter desperately needed the work on the seven Polish ships, worth £52m. The group's yards are now virtually devoid of merchant shipbuilding contracts. Most of the activity is centred on the construction and fitting out of destroyers and the first of the Royal Navy's through-deck cruisers, with a contract for the Iranian Navy also on the stocks.

Apert from the warship contracts, Swan has only two merchant ship orders—a bulk carrier and a small vessel for British Nuclear Fuels. The object of placing seven ships with Swan was that the yard would benefit from "series production" of the same type of ship and this would therefore improve the chances of meeting the tight delivery schedule.

Several hundred shipworkers have been kept on for the past few months—although there has been little work for them to do—in the hope that a company would secure some ships from a large Nigerian contract that was being negotiated.

That order was eventually split between Yugoslavia and South Korea. The steelworkers were retained for a further period when it began to look as though the Polish contract would be clinched. Now redundancy stands the steelworkers in the face. Ironically, they are members of the Boiler-makers Society,

whos better wage rates are at the heart of the outfit rades' grievances. The dispute over pay parity has been simmering and boiling up periodically for more than two years. The boiler-makers on Tyneside managed to secure wage increases ahead of the first phase of the Government's incomes policy in the summer of 1975.

The outfit trades attempted unsuccessfully to achieve parity with the boiler-makers—the elite of the shipbuilding industry's labour force who have jealously guarded their position for generations—by lodging a claim in the summer of 1975 after pay curbs were imposed and six months ahead of their normal wage negotiations.

In support of their demands they went on strike for nine weeks and returned to work without achieving their objective. The dispute has continued ever since, despite attempts by both national union leaders and the company's management to persuade the outfit

trades to accept the terms of the procedure agreements negotiated between British Shipbuilders and the Confederation of Shipbuilding and Engineering Unions.

All appeals have gone unheeded and the outfit workers have refused to call off their three-month long ban on overtime. The tragedy is that other unions on Tyneside have provided the assurances demanded by British Shipbuilders, yet it will be some of those who have given a commitment who are likely to find themselves on the dole after Christmas.

Mr George Arnold, chairman of the Tyne district of the CSEU, said after yesterday's overwhelming vote against lifting of the overtime ban: "I feel very sad. If the order had been obtained we could still have proceeded with the claim for parity."

Thousands of shipyard workers on Tyneside will be less diplomatic in their reaction.

Peter Hill

## Two bids to restore faith in investment trusts

British Rail's pensions funds had, by last night, narrowly won control of the £75m Edinburgh and Dundee Investment Company, and extended its offer in the hope that further shareholders will now accept. Its victory will give rise to great relief in the City this morning.

By the standards of the investment trust industry the bid is a big one and, together with the coal board pension funds bid for British Investment Trust, has been watched with particular interest. The outcome of the two offers is seen as critical to the future course of the industry as a whole.

If they succeed, there is every chance that the sector, worth some £350m in the stock market, will move into a new and more confident phase. If they fail, it will be thrust into a period of renewed uncertainty.

At issue is whether investment trusts in their traditional form can survive as growing investment vehicles. Recent history gives every reason to question the long-term future of the sector. As the accompanying chart shows,

The sector's shares have encountered increasing disenchantment in the stock market over the past five years.

Investment trust shares have encountered increasing disenchantment in the stock market over the past five years. This has been reflected in the growing discount to underlying asset values at which trust shares have been selling. From less than 5 per cent at one stage in 1972, the average discount for the sector widened to a peak of more than 40 per cent in November last year, although since then it has contracted again thanks to a series of bids.

The trusts themselves are by no means wholly to blame for the growing discount. They were originally conceived as a means whereby private investors could gain access to a wide spread of investments, but the general erosion of middle class wealth has meant that private investors have been steadily selling all shares, including investment trusts. Further, private individuals have increasingly been weaned away to unit trusts, which are simpler and have in the past promoted themselves strongly.

Institutions have thus come to dominate the investment trust sector, as they have the whole of the equity market. Institutions, however, are not natural buyers of investment trusts. The spread of interests which makes trusts attractive to private investors held few obvious charms for pension funds and insurance companies.

They already have big, broadly-based portfolios, together with the internal expertise to manage them. Buying trust shares is tantamount to admitting they have more faith in the trust's managers than they do in their own.

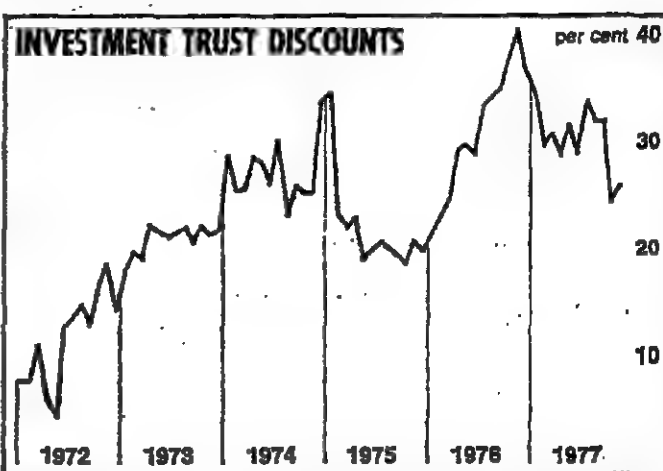
Trusts have never consistently outperformed the stock market as a whole, anyway, and while they offer capital gains tax advantages, they suffer the offsetting disadvantages for income-conscious institutions of generally providing below average dividend yields. Institutions here thus also bear the brunt of investment trust shares.

A further technical problem has been the persistent flooding on the market of the stock of new issues, totalling more than £500m, made by investment trusts in the halcyon days of 1972. The end result has been an oversupply of investment trust shares, which is chiefly to blame for the growing discount.

Clearly, when discounts reach as high as 40 per cent, they make a nonsense of the concept of investing in shares through the indirect medium of trusts, rather than through direct purchase.

Trust managers have explored a variety of ways of reducing discounts to more palatable levels or eliminating them entirely. Improved publicity has played a part in this, but the more fundamental alternatives that have been looked at are liquidation, utilization or takeover.

The first two of these are problematic and can effectively be ruled out except in isolated cases. Both involve surrendering 25 per cent of the dollar premium on overseas investment (about 10 per cent of the average trust's assets), making capital gains tax payments on previously unrealized gains in the trust's portfolio and unwinding loan capital. Liquidation could involve large costs and, in the case of big trusts, might be hard to achieve without a harmful effect on the equity market as a whole. In the event of utilization—that is, conversion into a unit trust, which sells at a price fully reflecting its underlying asset value—managers also have to consider the possibility that there would be big sales of the units, creating serious problems for the new trust. That leaves takeover. So far



Average discount for the investment trust sector to net asset values, deducting prior charges at per and including full dollar premium. Source: Laing & Crickshank.

This year there has been a stream of bids, chief among which have been Commercial Union's takeover of Estates House, the Prudential's takeover of Standard Trust and European Ferries' takeover of English & Caledonian.

Some of the proceeds of these bids have been reinvested in the sector, with consequent impact on discounts. But as recently as September the average discount was still over 30 per cent, suggesting that investors did not yet believe that the problem of oversupply had been seriously tackled.

Edinburgh and Dundee and BIT are a different matter, however. The former has assets of almost £90m and the latter of £100m. Coming so close together, the bids are certain to have a significant impact on the rest of the sector if they succeed.

Some money would flow back into trust shares, giving prices a lift and curbing discounts, and some would probably move

elsewhere, helping to reduce the surplus of supply over demand, which is essential if discounts are to stabilize at a low level.

Both trusts' managers have, however, opposed the deals, essentially on the grounds of the definition of asset value in formulating their offers and the bid prices being too low? What if shareholders accepted their arguments?

Understandably, managers are reluctant to bow out of their trusts on anything except the best possible terms and the coal board pension funds have already made a concession with a minimum price offer that is likely to be higher than the "formula" bid. But the danger of rejection, if backed by shareholders, would be that it would leave the sector in limbo for a long time to come.

Other would-be pension fund bidders could be deterred by the prospect of having to pay too high a price or, alternatively, by the possible humiliation

of being beaten off. That would leave the old supply/demand problems unsolved and the discounts would, in all probability, widen again.

If both bids succeed, on the other hand, the sector will be buoyed up further by the prospect of more bids to come from other institutions, for whom the purchase of investment trusts can be seen as the quickest and cheapest way to move a large sum of money into the equity market without adversely affecting general price levels.

Trusts would then have to consider their long-term rationale and how they could offer something that would make them attractive to the institutions as investments.

Some managers, notably Ivory & Sims and Rothschild, have already explored the potential by concentrating on specialist investments of the kind which most institutions cannot undertake properly for themselves. It may be specialization in particular foreign markets, or in special sectors of the economy such as energy. It may be in fast growing but small companies, which institutions cannot manage in a big portfolio, but which trust managers can monitor successfully.

If the prospect of rationalization of the sector from within were to fail, it would be hard to avoid the conclusion that such a sector would be the only one with a real future, and that some of those trusts with big portfolios of "blue chip" holdings would be consigned to a steady and debilitating loss of investment following.

In particular, the losers would be those trusts with a marked value of, say, less than £20m, which are too small to be attractive to institutions. Reorganization into bigger groupings must be an essential first step.

Christopher Wilkins

## Business Diary: Two of a kind • De Ferranti's ESC

Much the most difficult thing about building society mergers is amalgamating the people, particularly the senior managers. The proposed merger between the Anglia and the Hastings and Thanet societies is no exception.

To all intents and purposes the problem has been solved by the typically British compromise of making Peter Wilkinson and Eric Argent, the general managers respectively of the Anglia and the Hastings and Thanet, joint chief executives of the new society, to be called the Anglia, Hastings and Thanet.

How long this new arrangement will last is anyone's guess. Such compromises have not always succeeded in the building society movement, as patches of mergers within the industry will testify. The problem is especially difficult with this merger, because there is remarkably little to choose between the two men.

Both are self-effacing 55-year-old accountants and—still a rarity among building society leaders—neither has been a time server with the movement. Wilkinson was with PE management consultants before he joined Anglia 14 years ago. Argent was with merchant bankers Antony Gibbs before moving to the quieter pastures of Hastings and Thanet 18 years ago.

Both are elected council members of the Building Societies Association. The indications at the moment are that Wilkinson will concentrate on long-term development and Argent on administration. Both reckon that they will have twice as much work to do as before.



A mere 32 years' service between them: Hastings and Thanet's Eric Argent and Anglia's Peter Wilkinson in London yesterday.

That should prevent squabbling, if nothing else, and so should the admission that both recognize that the situation will be difficult. However, they have known each other personally for a long time.

Neither had been in the habit of running his society as a personal fief (for they had to contend with stronger than average boards) and the two strongly believe that beating their heads against a brick wall for growth is futile when they could do better by getting together.

Long-winded business men, however much they may lag behind the rest of the developed world in some refinements of modern living, South Africans can be as verbose as anybody else. Consider, for example, the exquisitely named Working Group on Procedures and Documentation of the Organisation for the Simplification of International Trade Procedures in South Africa.

I used to know what the ESC's Economic and Social Committee did, but I forgot. Worse still, I didn't have time to look it up before I went to hear the committee's chairman, Basil de Ferranti, speak in London yesterday. But I needn't have worried.

De Ferranti made the widespread ignorance about the committee and its works the centre-piece of what he had to say. He was addressing a meeting organised by the Engineering Employers' Federation and the CBI and attended largely by members of employers' associations.

The ESC, de Ferranti reminded all those present, is a collection of pressure groups—employers, trade unionists, consumers and farmers, to name but a few—whose job it is to advise Brussels whether proposed legislation is "socially acceptable". He spoke glowingly of the "constant communication" achieved as much between the

ESC and the powers-that-be as between the members of the committee itself.

Communication is a fine art, but one does rather have to take into account the quality of what is being communicated, so I felt emboldened to ask de Ferranti what he regarded as the ESC's single biggest success and failure during his stewardship.

On the greatest success, de Ferranti replied that he would duck the question "quite deliberately and unambiguously", as it was impossible to compare the importance of the committee's influence on a great many decisions.

As for failure, he eventually allowed that the inability of an ESC subcommittee to agree on worker participation after two years' deliberation might be accounted as such, although on the other hand it might have been a success in establishing that nobody could agree on this subject.

An ESC member, Jane Evans, was a little clearer. She said that Brussels had adopted the committee's line on the transport and slaughter of animals.

Secondly, she pointed with pride to her successful suggestion that ESC meetings should be graced by an alarm, to sound after four minutes' speechifying. This had been greeted with dismay by the Italians and the Irish who, she said, like at least 10 times as long to develop a point.

Both she and de Ferranti spoke for much longer than this yesterday. When I pointed out that by my count she had spoken for 12 minutes, she said she was nearly countered by saying that she had been asked to speak for 15.

Claude Taittinger, president and director-general of the Taittinger champagne house (and owners of Paris hotels, among them the Crillon) showed an acquaintance with Oxford yesterday.

Taittinger was at New College to address the university's wine circle on champagne. He was last at Oxford in 1946, when as a student at the Ecole des Sciences Politiques he came to take part in an inter-university 900-metre sprint, and to his chagrin finished second.

Taittinger was able to throw a side-light on the interest in shipbuilding of Michael Grylls, the Tory MP for North-West Surrey and chairman of the Opposition's Industry Committee.

Grylls, who is asking the Public Accounts Committee to investigate the terms of the £115m shipbuilding contract, was once Taittinger's British distributor—champagne being a drink not uncommonly associated with the launching of ships.

The practice of serving free drinks on non-IATA airlines, now in the news, may make for happier passengers but it does not necessarily make for happier customers. I remember talking to the chief executive of one such airline who told me that one of his regular customers, a shipping firm that used the airline to fly out seamen to its ships, had said that it was not using the airline any more. It took too long to dry sparkling wine, who was extremely tired and emotional by the time the aircraft touched down.

Drayton Montagu

The following companies managed by Drayton Montagu Portfolio Management Limited have recently published their Directors' Report and Accounts:—

#### DRAYTON CONSOLIDATED TRUST LIMITED

Funds employed at 30th September, 1977 £71.3 million  
Dividend per Ordinary Share 4.7p (1976-4.125p), an increase of 13.9%.

#### BRITISH INDUSTRIES AND GENERAL INVESTMENT TRUST LIMITED

Funds employed at 30th September, 1977 £7.3 million  
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Copies of the Directors' Reports and Accounts may be obtained from the above Companies at 117 Old Broad Street, London EC2N 1AL.

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### Record Sales and Profit

	Half year Sept 1977	Half year Sept 1976	Year to 31.3.77
Sales	£9,038	£7,113	£15,413
Profit before tax	851	651	1,576
Extraordinary items	—	37	53
Taxation	426	320	769
Available to shareholders	416	359	843
Earnings per share	5.9p	4.6p	11.3p

- \* Main activities engineering and consumer products.
- \* Ordinary interim dividend increased to 1.9p per share (1.7p).
- \* Reserves further increased.
- \* Profits for year should show substantial improvement.

C. M. Biddow  
Chairman

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## FINANCIAL NEWS

## Delay in Christmas orders pins Airfix hopes on final quarter

Christmas is coming, but in line with much of the toy trade Airfix Industries is still waiting for the customary rush of orders from the shops which has become the rule.

This year, however, most shops are restricting their buying while they let their stocks run down.

Airfix normally has a space of two months for delivery before Christmas 10 or 12, but any delay in the rush of orders will come too late to affect manufacturers' deliveries before Christmas, even though it should boost sales in the shops.

For his part, Mr Ralph Ehrmann, the group's chairman, hopes that the shops will have a big sell-off over Christmas, as Airfix could then look for a good final quarter to March 31.

It is still too early to say how the second half will compare with the £3.5m made last year, but the first six months to September 30 has been hard hit by the depression. Turnover



Mr Ralph Ehrmann, chairman of Airfix Industries.

dropped from £18.9m to £18.5m while pre-tax profits dropped 13 per cent to £1.55m. Profits from the general plastics side, which includes the

Crayon household plastics, have increased.

Since September, there has been some improvement for the group, but little sign of the upsurge in retail demand forecast by the Government.

Mr Ehrmann says that the reduction in interim profits is a "reflection of the off-take of toys in a period of depression in the domestic consumer market". The signs of this came early.

By September the group, which owns 56 per cent of Triang Pedigree, cut out the working week of Triang's Martyn Tydfil factory—just when that side of the toy business was reducing its losses.

Despite losses at Macclesfield, the group's toy side managed to raise its profits from £3.02m to £3.3m over the whole of last year, but the fastest growth came from the general plastics side, which includes Crayon household accessories. Profits here went up from £253,000 to £506,000.

## Fine Art has full-time £4.5m well in sight

By Richard Allen

Fine Art Developments, Britain's biggest manufacturer of greetings cards, increased pre-tax profits by one third to £1.15m in the half-year to September 30.

The group, which raised £1.85m by a rights issue in May of this year, reports that the interim figures are particularly successful because the Christmas selling season started earlier than in the previous year.

Even so, Mr Francis Kerry, chairman, says that sales in the second half show a satisfactory increase so far and the company expects that full-year results will be highly satisfactory.

Fine Art's share climbed 2p to 44p on the profits news. Last year, the group made £3.6m pre-tax, and given a continuation of first-half growth this year's total should amount to more than £4.5m.

Sales in the first half climbed from £12.7m to £17.25m and underlying profits amounted to as much as 20 per cent according to Mr Kerry. Total sales last year were £33.5m.

The interim dividend goes up 1.2p to 0.85p last year. The group has Treasury permission following the May rights to raise the total payment to 2.75p gross on the increased capital.

Fine Art has used the proceeds from the one-for-four rights—at a price of 21p—mainly to acquire warehouse premises in France, Germany and the United States, and to further manufacturing facilities in the United Kingdom over the next few years.

Although best known as a greetings card manufacturer, profits have increasingly come from the card side, which now accounts for over 70 per cent of sales.

## Hargreaves tops £2m at midterm and good second-half likely

By Alison Mitchell

Pre-tax profits at West Yorkshire conglomerate Hargreaves Group topped the £2m mark for the first time in the six months to September 30 last. This compares with £1.8m for the comparable period in 1976 and comes on the back of turnover up by over a fifth from £57.5m to £70.4m.

Trading conditions remained uncertain, according to Mr David Peake, chairman, and overall margins tightened during the period. However, the second half has started well, he says.

Star performer was the plant hire, construction and waste disposal side which saw its profits contribution rise from a previous £1.8m to £2.4m. This division now makes up just over 15 per cent of the total.

Hargreaves has been partly cushioned in the plant hire business from the depression in the construction industry, which has been biting hard in the North East, by its wide



Mr David Peake, chairman.

spectrum of interests. Some of its plant, including compressors, are angled towards industrial use as well as construction and as such have not been subjected to the same pressures.

The waste disposal side has also shown an increase in its contribution.

Hargreaves operates the only British treatment centre for toxic waste, at Wakefield, according to the chairman, and the oil recovery business, though currently being operated in quite a small way, is likely to expand in the future.

In line with the sector the contribution side could not hold its own and profits fell slightly from £753,000 to £70,000. Margins have had to absorb much of the increased costs of raw materials but these have not been large as those of the 1975-76 period. Because of the seasonal nature of the business of associate company Hargreaves Forthright most of the profit falls in the first half but Mr Peake is looking for an improved second half this time round.

The quarrying side has also seen an upturn.

## Tecalemit's growth slows but record likely

By Victor Felstead

Despite Tecalemit's first half-year's growth being less than half that of the previous year, pre-tax profits still jumped by 58 per cent.

On turnover just under 25 per cent higher at £15.6m in the six months to October 7 pre-tax profits rose from £1.06m to £1.68m—a record for a first half. Mr Nigel Bennett, the chairman, expects the full-year's figures to top 1976-77 by a "satisfactory margin". This is provided that the level of incoming orders continues to be buoyant and that group companies are not badly affected by industrial unrest elsewhere.

All operating divisions traded profitably and margins were maintained at the same level as that achieved over the whole of the preceding 12 months. During the half-year, the business of Tecalemit Garage Equipment was transferred to its new factory at Bellver.

Group pre-tax profits passed the £1m mark in 1975-76, reaching £1.18m. In the following 12 months, they soared by 139 per cent to a best-ever £2.82m. Tecalemit was helped by the fact that the recent rights issue resulted in a much reduced interest burden. But the key to its success was the cutting out of unprofitable products and the concentration on the more profitable lines. The group generally became more efficient.

Group activities cover fluid transfer and filtration, lubrication systems, garage equipment and combustion engineering.

The board intends to lift the total dividend for the current year by the maximum allowed 10 per cent. Since the continued improvement in cash flow enables the board to equalise the amounts paid as interim and final, the interim will now go up from 198p to 2.72p gross. There is also a small additional payment to compensate for the retro-specification reduction in the basic rate of tax to 34 per cent. The total half-year payment will be 2.75p gross.

## Marling Ind pre-tax up by a third

It looks as though the reinstatement of profits is paying off for the Marling Industries industrial textiles group. For the last three years, profits have declined. But, in the half-year to September 30, pre-tax profits climbed by a third to £404,000, or 65.5p per share.

With the second half of turnover 28 per cent higher at £1.33m, the interim payment, gross, rises from 0.67p (adjusted) to 0.75p.

In the last annual report, the board explained that in the preceding two years the group had reinvested a large part of profits from its traditional businesses in bringing new

products to fruition and in raising home and export turnover to high levels. Spending on equipment for modernisation was expected to remain high.

## Colman Group sells its Fitzroy Inv stake

The E. Alex Colman Group has sold its 1 million shares (24.15 per cent) in Fitzroy Investments.

The buyers are Mr G. C. Thompson and Mr R. K. Walker, two directors of London United Investments.

In a rescue bid, to forestall a liquidation of Fitzroy, Mr Alex Colman stepped in in June 1976 to buy the property and construction business.

The Colman representatives are now leaving the Fitzroy Board.

## Welcome likely for Mid Kent issue

A good reception is expected for the Mid Kent Water issue announced today when subscription lists open next Tuesday.

The minimum tender price for the £5m 7 per cent redeemable preference stock, 1982, has been fixed at 99p but with some shortage of dated preference stocks in the market the issue is expected to attract a premium of at least 10.50p.

At the minimum issue price the stock offers a flat yield of 10.7 per cent, around 1.3 per cent over the comparable gilt, though the main attraction is in institutions who can take advantage of franked income as the stock is worth 14.58 per cent to them.

## Hickling Pentecost edges ahead

Nottingham-based Hickling Pentecost continues to make progress. On turnover 14 per cent up at £4.37m in the half-year to October 1, pre-tax profits edged forward by 12 per cent to £216,000. This was a heavier interest of £39,000, against £27,000.

In the 12 months to March 31 last, pre-tax profits were little changed at £421,000, against £410,000. The Kentwood division contributed a further substantial rise in profits for the half-year.

## Margins pressure but Bolton Textile ahead

By Ashley Drucker

News from Bolton Textile Mill after its recovery in 1976-77 from £31,000 to £305,000 pre-tax is for higher profits this time round for the year to end April next. Mr I. Golezka, chairman of the textiles and women's clothing group, says in his annual review that with the gradual improvement in the general economy and trading conditions, turnover is ahead of the same period in 1976.

Factors in last year's rally were encouraging results as expected from increased exports in the warp knitting section. Also, following the shut-down of one manufacturing division, the clothing section came in with better results. Re-shaped it is expected to make a greater contribution this time round.

Children's wear clipped in with excellent results and with full order books all the signs are that this trend will continue. Leather, which contributed

substantially to profits last year, shows a good increase in turnover in the present term though higher prices and costs put pressure on profit margins. But there is confidence on prospects in view of the continuing demand for its products in the clothing, furniture and allied sectors.

Total source of funds in 1976-77 was £476,000 and their application some £321,000, including £166,000 for purchase of fixed assets, leaving an increase in the working capital of £155,000. Meanwhile an analysis of the percentage of turnover and pre-tax profits shows textile and clothing brought in 76.7 and 47 per cent respectively, leather 22.6 and 52.1 per cent, and other 1.7 and 0.4 (turnover only).

In accordance with the procedure in previous years, it is proposed that the profit target relating to any shares issued under the order book should be set at 1977 should again be 9.15p.

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## Takeover payment closer for Swan Hunter holders

By John Hunter

Sir John Hunter, chairman of the Swan Hunter Group, yesterday welcomed news of a Government hand-out to shareholders affected by nationalisation.

He told the annual meeting in Newcastle that the pay-out due next January was part-payment until the negotiations between the Government and all nationalized shipbuilding firms were complete.

"It would seem to indicate that an acceleration in the negotiations is likely", Sir John said.

He told shareholders that a new company would be formed in the near future which would take over the trading and other assets of the group which are left after nationalisation. "It is the board's intention to return to shareholders the amount of compensation together with those funds surplus to the requirements of the new company".

He told shareholders that the present depression in shipbuilding had hit hard as ship-repairing services.

AMALGAMATED STORES Property investment group has made five freehold and leasehold acquisitions with open market value of up to £1.16m.

68C CAPITAL NOTES GEAC floating-rate unsecured capital notes, 1986, will carry an interest rate of 8.11-15 per cent for six months ending May 31, 1978.

COLONIAL SUGAR Refining has extended bid for Australian Associated Resources until December 23 and stated that it is entitled to 8 per cent of AAR's shares. Colonial Resources of Australia, a 72.5 per cent owned subsidiary of Rio Tinto-Zinc, has improved its earnings of AAR, but has not accepted the CRA bid.

TRANSVAAL COALS LAND Transvaal Consolidated Land and Exploration should at least maintain dividend in year to September 30, Mr A. C. Petersen, chairman, says. No big improvement in earnings this year but growth should be resumed from 1979.

AUDIO FIDELITY Chairman says likelihood of 1977-78 profit matching year before's remote. Retail trading prospects uncertain.

CAPLAN-SINGLO HOLDINGS Offers from Caparo to buy Singlo extended to Dec 12. Acceptances so far 0.2 per cent.

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## Degussa chief foresees gold rising to \$200 plus—but not for long

From Peter Norman, Bonn, Nov 29

Herbert Becker, the chief executive of the West German precious metals and chemical concern, Degussa, foresees a rise in the price of gold to more than \$200 an ounce next year.

But he cautioned that the price was unlikely to exceed the 200 level for any length of time.

Degussa reported that its sales rose by 4.7 per cent to DM4,559m in the year ended September 30. Pre-tax company turnover advanced by 3.5 per cent to DM3,766m.

An interim report makes clear, however, that sales growth slowed in the second half of the accounting period when gold sales advanced by 3.8 per cent to DM2,280m and parent company turnover rose by only 1.7 per cent to DM1,919m compared with the 1976-77 period. Degussa said that earnings in 1976/77 should be on about a par with those in 1975/76. It added, however, that 1977/78 will not be any year at all, it is looking to the future with cautious optimism.

Stevin 1-for-6 rights The Stevin group international contractors plan to raise 24m florins (about £5.5m) by a one-for-six rights issue of 4.7m florins, that is 20 shares at 105 florins each to finance new projects and equipment.

Notional share capital will be increased from 28.3m to 33m florins. One of the largest Dutch-based international construction companies with interests in Britain, it will be Stevin's first public share issue since the group was formed by the merger of three Dutch concerns then turnover has increased from well under £100m to over £400m. The group's order book now stands at over £530m. The issue will be made on the Amsterdam Stock Exchange, where Stevin's ordinary shares have been quoted at 139.50 florins.

Boost for Swissair Swissair's total earnings rose by 14 per cent in October compared with the same period in 1976. This was against an 11 per cent increase in costs

## International

before depreciation. The airline said it provided 5 per cent more capacity but met almost 14 per cent more demand so far.

Passenger capacity rose to 61 per cent from 56 per cent with the seat-occupancy ratio rising to 66 per cent from 61. Passengers carried rose by 13 per cent, freight transport 14 per cent, and mail transport 5 per cent.

Pioneer Electronic Pioneer Electronic Corporation of Japan, say that consolidated net profit in the year ended September 30 rose by 30 per cent to 14,500m yen from 11,000m yen in the previous year. Sales gained 14.5 per cent to 206,000m yen from 180,500m yen.

Pioneer said that the Japanese economy during the last business year continued to be sluggish, and the audio industry experienced a difficult environment, resulting in lower domestic sales, while export profitability was seriously affected by the rise in the yen's value. Export sales in the year rose by 11 per cent to 89,700m yen and accounted for 54.5 per cent of total sales, up from 50.2 per cent a year earlier.

Schering takeover Schering AG of West Germany says it has agreed to take over the German plant protection and fertilizer marketing activities of Philips-Duphar BV, a 100 per cent subsidiary of Philips Leipsic, from January 1. Previously, the activities were carried out by Philips-Duphar GmbH of Dusseldorf, a subsidiary of Allgemeine Deutsche Philips Industrie. Schering declined to give financial details of the takeover, but said the German Philips-Duphar activities involved a turnover of around DM45m (about £10.7m).

Sonatrach bank loan Sonatrach, the Algerian state oil and gas company, has obtained a \$54m (about £30m) seven-year bank loan under agreements signed in London, the agent, Citicorp International Bank announced.

Esso Italiana losses Esso Italiana will completely cover its accumulated losses of 59,900m lire at December 31, 1976, by changing its depreciation accounting. The amount available for this cover totals 60,400m lire, the company reports. The announcement came after a meeting of the Esso Italiana shareholders—effectively, the parent concern, Exxon Corp. Under the so-called Legge Visentini, companies were allowed to revise their depreciated holdings to reflect so-called inflation accounting. Thus, later revaluation set-asides were increased, since the book value of the assets depreciated was itself raised.

Combustion-Veto Combustion Engineering of America has received about 98.8 per cent of the outstanding Veto common stock under its tender bid for all Veto shares at \$23 each, and extended the offer until December 9. The offer originally expired on November 28, and may be extended beyond December 9. Veto is capitalized at 609 million common shares.

Business appointments

Mr Bob Dodsworth is to be the new managing director of Ransomes Sims & Jeffries. He succeeds Mr Geoffrey Rose, who will take over the chairmanship from Sir Peter Lee in February.

Mr T. Peter Lee has been made a deputy director-general of the Tobacco Board.

Mr P. F. A. Nash will be joining the board of R. F. Martin. Mr P. M. Sharro is retiring.

Mr William Todd has been made chairman of the general engineering and foundries division of B. Elliott.

Mr S. J. Keynes has gone on to the board of Premier Consolidated Offshore.

Mr S. E. E. Bawa has been made chief executive-designate of the international trading region of the Guthrie Corporation. He will take over as regional chief executive in the movement of Mr R. F. Jenkins. Mr T. E. Francis has been made managing

director-designate of Guthrie (Nigeria).

Mr John Thomas is now managing director of Griggs of Manchester.

Mr P. T. Daniels has joined the board of Elizabeth Mazzei & General Insurance.

Mr Eric Mingham has been made managing director of Eternit Building Products.

Mr J. C. Fraser has become commercial director of Joseph Crossfield & Sons, in succession to Mr D. S. Fawcett, who will shortly be taking up a post in London with the Overseas Committee of Unilever.

Mr Christopher Bailey becomes managing director of Tames Building Products.

Mr C. E. Oram has been made financial director of Midland Electric Manufacturing.

Mr F. C. Sparrow becomes director and chief designer.

Mr Albert Humphrey has become a director of Cofence International.

Mr Kevin McCourt is to join the board of Jefferson Smearfit Group from January 1.

Mr Michael Thompson has been made a director of Williams Lea Group.

Mr Alan Elliott is the new managing director of Enfield Newspapers, succeeding Mr Jim Hancock.

Mr D. W. Rogers is to be managing director of Standard Gas Fittings.

Mr T. H. Joly de Lotbiniere is to succeed Mr S. N. B. Leishman as senior partner of Grenfell & Co next April.

Mr John Drexler has been made managing director of L. K. Machinery.

Mr John Crages has joined the board of A. & F. Appleford International.

Mr Stanley Johnson is joining Wigham Poland (L. & F.) on January 1 as secretary and director.

## EAST RAND GOLD AND URANIUM COMPANY LIMITED

(Incorporated in the Republic of South Africa)

Share Capital

Authorised: R22 500 000 divided into 45 000 000 shares of 50 cents each

Issued: R20 000 000 in 40 000 000 shares of 50 cents each, fully paid

Application has been made to the Council of The Stock Exchange in London for the whole of the issued shares to be admitted to the Official List. Particulars of the Company are available in the External Statistical Service and copies of the statistical card may be obtained during usual business hours on any weekday (Saturdays excepted) up to and including 21st December, 1977, from:

Anglo American Corporation of South Africa Limited, 40 Holborn Viaduct, London, EC1P 1AJ

and Rowe & Pitman, Hurst-Brown, 1st Floor, City Gate House, 39/45 Finsbury Square, London, EC2A 1JA.

RAINE ENGINE







### Stock Exchange Prices

## Gilts fall back

ACCOUNT DAYS: Dealings Began, Nov. 28. Dealings End, Dec 9. § Commence Day, Dec 12. Settlement Day, Dec 20.  
§ Forward bargains are permitted on two previous days.



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Contact: Mrs Jo Armit. 01-235 9984

Berkeley Square £3,500-£4,000

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Telephone (01) 580 1281.

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